

JP 11/10/90

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

FT No. 31321

© THE FINANCIAL TIMES LIMITED 1990

Wednesday December 5 1990

φ D 8523A

JAPAN

Industry hits a cultural barrier

Page 16

World News

Business Summary

Brussels outlines Soviet food aid plan

The European Commission has outlined a plan to help the Soviet Union with more than £1.5bn in short-term food aid and a longer-term western effort to make the ruble convertible. Page 18

President quits

President Hosni Mubarak of Egypt has announced his resignation, calling for a new president to head a caretaker government until elections are held. Page 6

Euro security call

Douglas Hurd, UK foreign secretary, has called for a new coherent European security policy, to convince an increasingly disenchanted US that its European allies were pulling their weight. Page 2

Policemen killed

Suspected Sikh militants, fighting for an independent homeland in India's Punjab state, shot dead three traffic policemen in Bombay after they had been chased. Page 1

French aid poor

President François Mitterrand announced plans to take from the rich and give to the poor as part of attempts to stop crumbling suburbs from becoming ghettos. Page 1

Soviet power share

President Mikhail Gorbachev presented his plans to share power in the Soviet Union with the presidents of the 15 republics, while reinforcing his own supreme position. Page 2

Danish referendum

Denmark will hold a referendum in the first half of 1992 on European Community plans for economic and monetary union, government and opposition spokesmen were quoted as saying. Page 1

Strike in Turkey

Turkey's largest ever industrial action, affecting 50,000 coal miners, continued with little prospect of a settlement. Thousands of miners are demanding better working conditions and wage increases of up to 900 per cent. Page 3

Aircraft shot down

Left-wing Salvadoran rebels shot down a government military aircraft with a ground-to-air missile in the second such attack in two weeks of fighting during a rebel offensive. Page 3

Oil refinery fire

Fire damage appears to have hit output badly at Saudi Arabia's Ras Tanura oil refinery, the world's biggest and the main supplier of aviation fuel for the multinational forces based in the kingdom. Page 5

'Thousands executed'

Thousands of political prisoners have been secretly killed on the orders of a "death commission" in Iran, Amnesty International said. Page 6

Germ warfare deal

Congressional investigators say they have uncovered evidence that US companies sold bacteria and an advanced computer for missile tests to an Iraqi institution specialising in research into nuclear and germ warfare. Page 7

Coup foiled

Mauritania said it had foiled a coup planned for last month and arrested an unspecified number of plotters. Page 7

Tax free crime

Sicilian shopkeepers and business owners, angry that they have to pay protection money to the Mafia on top of taxes, have suggested that extortion should be tax deductible. Page 7

Deutsche Bank reveals DM4.13bn profit

Deutsche Bank, biggest bank in Germany disclosed for the first time the full extent of its total operating profits, revealing a 6 per cent increase to DM4.13bn (\$2.7bn) for the first nine months of 1990, though trading profits were hit badly by the Gulf crisis. Page 18

EUROPEAN Commission

is finalising plans to curb the monopoly of national post offices. Page 13

DEERE, world's largest maker of farm equipment

reported a 27.8 per cent fall in fourth-quarter net income on revenues which rose 3.5 per cent. Page 19

WEST GERMANY'S economy

kept ahead in the third quarter of this year at its fastest rate for 14 years with a 5.5 per cent increase in gross national product. Page 3

GIAT Industries, French arms group

and Usinor-Saefor, steel producer, are studying a possible link-up between their armoured vehicle businesses. Page 19

ROYAL BANK OF CANADA

Canada's largest financial institution, saw annual fiscal income fall 11 per cent, below Third World loan provision. Page 21

EUROPEAN Commission

has sketched out plans to help the Soviet Union with more than £1.5bn in short-term food aid and a longer-term western effort to make the ruble convertible. Page 18

FREEPORT-MCMORAN, New Orleans-based natural resources group

is to buy back \$263.4m-worth of its own shares, representing 13 per cent of its outstanding equity, from Fund America. Page 21

GENERAL Electric Company

of the UK reported half-yearly pre-tax profits down 4 per cent to \$242m (\$392m) and failed to increase its dividend for the first time in living memory. Page 15; Lex, Page 15

ALCATEL SPACE, space division of the French telecommunications company and Aerospace, state-owned aerospace group

have agreed to work together in the design, development and marketing of satellites. Page 21

JAPAN'S real gross national product

in the third quarter of this year grew at an annualised rate of 4.1 per cent. Page 6

TRAFALGAR HOUSE, UK construction, property, shipping and hotels group

saw its share price rise sharply after it maintained its final dividend despite a 43 per cent fall in profits. Page 21

NAGAOKA, leading Japanese maker of record styluses

is to be broken up next week. Page 20

IMF managing director, Mr Michel Camdessus

said the abolition of farm supports would increase by \$50bn the earnings of farm exporting developing nations. Page 9

CHILE'S central bank forecasts

a fall in export earnings of 2 per cent next year, and the trade surplus will shrink from \$1.4bn to \$500m. Page 8

SARAWA BANK, Japanese bank

will send a delegation to Beijing to polish an agreement for the first joint venture finance company involving foreign banks since the revolution in 1949. Page 20

PORTUGAL has asked the European Community for about \$100m (\$70m) of financial aid to help finance a \$2.7bn joint investment by Ford and Volkswagen in a plant in Palmela, south of Lisbon. Page 2

HERAJAYA, Malaysian conglomerate which expanded rapidly 18 months ago by a series of acquisitions

is to restructure its diversified holdings. Page 21

Gatt talks face collapse over farm aid deadlock

By Peter Montagnon and William Dullforce in Brussels

THE URUGUAY Round of talks to reform the world trade system was on the brink of collapse last night after the European Community again refused to improve on its offer to cut farm subsidies by 30 per cent. "It's a total impasse. It's a deadlock," said Mr John Crosbie, Canada's trade minister. "We have reached the end of the road. The situation is critical," said Mr Philip Burdon, his New Zealand counterpart. Unless the EC moved quickly to change its mind, the talks could "collapse completely", destroying four years of effort. None of the 107 countries participating in the talks said they were yet ready to walk out, giving the EC one last chance today to change its mind. By the end of the second day of the final Uruguay Round meeting in Brussels, delegates said there had been no substantive negotiations at all on agriculture because the EC had remained inflexible. Mr Mats Hellström, the

Swedish farm minister who had been chairing this part of the discussions, told delegates after a full day's consultation that there was no basis for negotiation. Talks in other areas, including the liberalisation of trade in services and textiles, tariff cuts, anti-dumping and enforcement of intellectual property rights, had also ground to a halt. "Not one political decision has been taken," said Mr Arthur Dunkel, director-general of the General Agreement on Tariffs and Trade (GATT). However, Mr Ray MacSharry, EC farm commissioner, urged delegates not to abandon the talks even though he said, following a council meeting of the European farm and trade ministers, that the EC was sticking resolutely to its original position on farming. Mr Rufus Yerxa, US ambassador to the Gatt, agreed that the talks were "very close to collapse," but said the US still

wanted to see a fundamental breakthrough. EC officials said that too much attention was being focused on the single question of agriculture. Other issues were also at stake. The EC has made offers to liberalise its service sector and improve access to its markets for tropical products. EC officials said they were still trying to "clarify" their farm support offer to show that it would have a significant effect in reducing its export subsidies which have come under fire from other countries. However, both the US and representatives of the Cairns group of 14 farm exporting countries have dismissed the figures that the EC has produced as meaningless. Mr Clayton Yeutter, US agriculture secretary, said they were only an indication of financial amounts for cuts in subsidies but said nothing about the actual tonnages of

exports which would be affected. Delegates last night were waiting to see whether the EC would amend its position in time to save the Round. Despite palpable anger of Argentina and other Latin American farm exporting countries over the EC position, some delegates said the US wanted to avoid a full-scale confrontation with the EC with the Gulf crisis raging. Mr John Gummer, UK agriculture minister, has been urging the creation of "elbow room" for manoeuvre on farm reform, but there was little immediate sign of any softening of the hardline position on farm support adopted by Germany and France. A compromise would depend on Mr Frans Andriessen, the liberal EC trade commissioner, gaining authority from member states to override Mr MacSharry's position and be more flexible in negotiations. IMF intervenes, Page 9

US to ask allies for more Gulf aid

By Peter Riddell, US Editor, in Washington

THE US is seeking a larger military and financial contribution from its European and Arab allies to support its operations in Saudi Arabia. Mr Dick Cheney, the US defence secretary, will raise the issue at a meeting of defence ministers this week. He will urge European allies to provide aircraft and ships to carry reinforcements to the Gulf, especially of US troops now based in Germany. He will also request more ground forces. This is partly a response to the widely expressed protest in the US Congress and among the American public that the US is having to bear a disproportionate share of the burden, particularly of ground forces in Saudi Arabia and of potential casualties.



Prime Minister John Major greets Colin Powell, chairman of the US Joint Chiefs of Staff, in London. Report, page 15

Mr James Baker, the US secretary of state, will later today explain the background to the latest US initiative to open direct contacts with Baghdad when he appears before the Senate Foreign Relations Committee. He has said that as a "reward" for full Iraqi withdrawal from Kuwait and the release of all hostages, the US is prepared to offer the assurance that it will not take military action.

This formal pledge of what would anyway have been the case was apparently discussed when Mr Baker held talks last Thursday with the foreign ministers of the other permanent members of the United Nations Security Council. President George Bush said yesterday that he was not convinced that President Saddam Hussein had yet appreciated the message of the UN resolutions and "therefore the best

hope for peace is for him to understand that all means necessary will be used against him." In the face of Congressional wrangles, administration officials have stressed the multinational nature of the forces with 170,000 soldiers, sailors or airmen from 26 non-US countries. Mr Robert Kimmitt, the State

Department under-secretary, said that apart from the British decision to send more forces "a number of other countries in the wake of the passage of the UN resolution (authorising the use of force) are now considering sending more forces, feeling that there is a stronger legal and political basis." The Pentagon is working on revised estimates of the additional cost of Operation Desert Shield in view of the decision to increase the number of US troops to more than 400,000 from the present 240,000. This is expected to raise the cost from the previous estimate of \$15bn in the current 1991 fiscal year to at least \$25bn. Mr Cheney came under strong pressure on this issue when he appeared before the Senate Armed Services Committee on Monday. He said Saudi Arabia had promised to provide host nation support for the new, bigger force as it has for the existing US contingent. This involves underwriting fuel, food and other costs. Kuwait and the United Arab Emirates have also been providing funds, which, when coupled with the Saudi contribution, cover nearly \$8bn of the initial \$15bn. Saddam v. Baldrick as Blackadder goes east, Page 5

Mobilia files for bankruptcy with SKr2.2bn in borrowings

By Robert Taylor in Stockholm

MOBILIA, the Swedish privately owned financial group which is the biggest shareholder in Esselte, the leading office supplies producer, has filed for bankruptcy. The company has accumulated borrowings of some SKr2.2bn (\$380m). Its creditors include two of Sweden's leading commercial banks, Nordbanken and Cembra. Last week, the two banks announced plans to auction Mobilia's 27 per cent stake in Esselte, held by them as collateral for loans to the bankrupt company. The auction was scheduled for Thursday. It is possible the banks may now buy the shares outright themselves.

A receiver for Mobilia was appointed yesterday and is expected to take about two months to wind up the company's affairs. Mobilia, owned by the brothers Gerhard and Pao Lindholm, first acquired Esselte shares in 1985 and now have 37 per cent of its equity and 44.7 per cent of voting rights. Since the summer there has been a decline of more than 50 per cent in Esselte's share price, resulting in estimated paper losses for Mobilia of about SKr300m and a default on outstanding loans. Mobilia also owns a smaller stake in the camera company Hasselblad. Last year Mobilia made a loss of SKr74.17m compared with a profit of SKr3.2m in 1989. The crisis at Mobilia stems from falling property and share values and is the latest in a wave of troubles to hit Sweden's finance companies since the early autumn.

Esselte has been involved in an extraordinary series of events this year. In February, the company in alliance with its second largest shareholder, the investment company Rabus which owns 17 per cent of the voting rights and 12 per cent of Esselte's equity, and Gamblestad, the finance company, made a SKr10bn leveraged bid to buy the whole of Esselte with the aim of breaking up the company and selling it as separate businesses. However, the independent members of the Esselte board fought a rearguard action and rejected the bid under pressure from management and trade unions who were visibly hostile to the Mobilia-Rabus-Gamblestad move. Instead, the Esselte board accepted a counter plan drawn up by the management involving a concentration on Esselte's core office business and divestment of its entertainment, printing and publishing and real estate side.

Financial Directors

The rising cost of Company Pension Schemes

If you have an existing "final salary" scheme it should be reviewed. These are some factors to be considered:-

- ★ The Company has an open-ended commitment. The "Barber" decision and other changes will increase future costs.
- ★ Any surplus is likely to be absorbed by increased benefits combined with falling investment returns.
- ★ Staff mobility reduces the significance of a final salary scheme and leaves no longer finance the stayers.
- ★ A good feature of the new legislation is the introduction of a viable alternative via Group Personal Pensions. These are simple to administer, involve only a defined outlay and clearly identify the benefit for each employee.

Thomson's will be pleased to carry out the review without obligation. Now is the time to act while your pension scheme still has a surplus! Simply return the coupon below and we will make contact to obtain the relevant information.

thomson's

To: Thomson's Financial Planning Consultants Ltd., at:

1 Wilton Road London SW1V 1LL Tel: 071-828 9297	One King Street Manchester M2 6AW Tel: 061 831 7034	West Riding House 67 Albion Street Leeds LS1 5NN Tel: 0532 439011
---	---	--

Name _____
Address _____
Postcode _____

Not Applicable to Eire

CONTENTS

Portugal's housing headache: Shanty towns a blight on Lisbon	4
India's separatist Terrorism shatters tranquility of Assam's tea gardens	6
Nicaragua: Renewing its drive to unblock the credit pipeline	8
Editorial comments: Europe's lost cousins: Regularising British Gas	16
UK politics: Labour loses its biggest asset - 17	
Burying nuclear waste: Loud rumblings from beneath the surface	27
Surveys Thailand	Section 16
Europe	2-4
Companies	21
Asia	21
Arts Guide + Reviews	18
Commodities	28
Crossword	26
Currencies & money	28
World Trade	9
Editorial Comment	16

Defeated German opposition wonders to whom it can turn

Germany's Social Democratic party is in open disarray after Mr Oskar Lafontaine (left), the badly defeated candidate for chancellor, refused an invitation to become party chairman. Page 3

MARKETS

STERLING	DOLLAR	STOCK INDICES
Bank of England: 1.928	New York: 2,148.2 (-18.4)	FT-SE 100: 2,148.2 (-18.4)
London: \$1.9285 (1.9180)	FF: 166.25	FT Ordinary: 1,811.8 (-13.7)
DM: 2.95 (2.950)	Sfr: 1.284	FT-Air-Shares: 1,032.91 (-0.6%)
FF: 1.9150	Y183.9	New York: 2,596.58 (+0.09)
Sfr: 2.475 (2.4800)	London: DM1.503 (1.5105)	S&P Comp: 324.85 (+0.55)
Y258.25 (258.00)	FF: 1.6875 (1.690)	Tokyo: 19,000
Y Index: 93.6 (93.7)	Sfr: 1.284 (1.2825)	Tokyo Nikkei: 1,002.61 (-83.35)
GOLD	Y134.0 (134.40)	LONDON MONEY
New York: 358.50	Y Index: 61.3 (61.4)	3-month interest: closing 13% (13.5)
London: \$378.05 (381.2)	Tokyo: 194.35	Long term gilt futures: Mar 89: 104.3
N. SEA OIL (Argus)	US Treasury: 104.35	yield: 8.354%
Brent Jan: \$31.5 (31.15)	3-mo Treasury bill: yield: 7.215%	
Gold price change yesterday: Page 10	Long Bond: yield: 8.354%	

EUROPEAN NEWS

Portugal seeks EC cash for car project

By Patrick Blum in Lisbon

PORTUGAL has asked the European Community for about Ecu100m (€392m) of aid to help finance a €2.7bn joint investment by Ford and Volkswagen in a plant at Palmela, south of Lisbon.

The factory would produce a new vehicle for the European market, and would be the largest ever single foreign investment in the country.

Government officials say a request for EC funds has been lodged in Brussels, which will consider it next month. EC assistance is essential if the plant is to be built in Portugal. There has been fierce competition for what would be one of the largest motor industry investments in Europe in recent years.

Portugal has offered considerable incentives and has emerged as the leading contender. The government is offering a total of \$1.1bn (including the EC funds) in subsidies for the project.

The plant would be run as a joint venture between the two motor companies, comparable to their partnership in Autolux, which makes cars for the South American market.

The plant is expected to produce a car similar to the Renault Espace family vehicle to compete directly with the French manufacturer as well as with several Japanese ones. Last year Portugal won two investments by Ford and General Motors to make parts for the European market.

The European Commission yesterday said it would give nearly Ecu81m (\$110m) in regional aid to Portugal, AP reports from Brussels.

The money will go toward rural telecommunications, a new ring road for Lisbon and the modernisation of the country's commercial infrastructure.

The Commission said that the new motorway would link existing autoroutes in the north and south of Lisbon.

The purpose of the commerce project, which will get Ecu24m is to modernise the wholesale and retail trades in Portugal, as well as management structures and distribution networks.

Lambsdorff writes off hard Ecu idea as nonsense

By David Marsh and Ian Hargreaves in Bonn

FRAMED BY a larger-than-life portrait of Bismarck, Mr Otto Lambsdorff, chairman of the German Free Democratic Party (FDP), yesterday fired off a withering barrage at the UK government's "hard Ecu" proposals on European money.

Mr Lambsdorff, who has emerged as the main power broker in the Bonn coalition after Sunday's German election, advised Mr John Major, the British prime minister, to give up the idea for a 13th European currency. "In my view it has to be dropped," he said in an interview with the Financial Times. He termed the proposals as "nonsense".

Although the British initiative has already been severely criticised by the Bundesbank, Mr Lambsdorff's attack yesterday amounts to the strongest comments on the issue from a senior Bonn politician.

Seated in his Bundestag

office with his silver-topped cane thrust into a wastepaper basket behind his desk, Mr Lambsdorff spelled out the junior coalition party's pugnacious bid for greater sway over Bonn policies.

Apart from pressing Chancellor Helmut Kohl to compromise over the Galt talks impasse, Mr Lambsdorff said the FDP - the only party to increase its voting share on Sunday - would not re-elect Mr Kohl unless he agreed lower taxes in east Germany.

Referring to the Galt talks, Mr Lambsdorff advised the chancellor to break ranks with France by voting in the European council of ministers against France's agriculture policy stance. The French line upholding export subsidies for farmers was against Germany's interests as a big exporter of manufactured goods, he said.

Concerning Mr Major's "hard Ecu" suggestion, put forward when he was chancellor of the exchequer, Mr Lambsdorff said: "This was the only reason why I was unhappy about John Major being elected prime minister. This was his personal darling. He cannot possibly drop it immediately and go over to the next number. But it should be given up."

Mr Lambsdorff advised the British government to take sterling "as soon as possible" into the narrower 2.25 band of the European monetary system to impart "forced discipline" on the UK economy. At present, sterling is allowed to fluctuate with 6 per cent margins.

He firmly rejected the idea of returning to the cabinet as economics minister (a post he held from 1977 to 1984) following Monday's announcement of the resignation of the present FDP incumbent, Mr Helmut Hauss-

mamm. "I never try to do the same thing twice in my life," Mr Lambsdorff said, adding that he thought he had more influence as party leader.

The cultural page of the conservative Frankfurter Allgemeine Zeitung spread out on his desk, Mr Lambsdorff was flanked by the traditional crop of photographs of President George Bush, ex-economics minister Ludwig Erhard and even Mr Kohl. Mr Lambsdorff quipped that he would like to receive a signed photo of Mrs Thatcher.

The former British prime minister "did absolutely necessary things" in reshaping the country's economy, he said, but probably harmed the UK more than Europe through her reluctance to accept greater European integration.

Mr Lambsdorff also aimed his grapple at the direction of Europe's biggest collabora-



Lambsdorff: Britain must give up the idea

tive arms project, the European fighter aircraft, being developed for the mid-to-late 1990s by Germany, Britain, Italy and Spain. The FDP came

out against the jet fighter at the beginning of 1990 on cost and disarmament grounds. Now, he said dismissively, it was dead. "It will not be built."

Bank governor suggests financial reform ideas

By Peter Marsh, Economics Staff, in London

BANKRUPTCY laws and new mechanisms to encourage consumers to save should be introduced in the Soviet Union as part of the move to a market economy, Mr Robin Leigh-Pemberton, governor of the Bank of England, said in Moscow yesterday.

Mr Leigh-Pemberton was giving the fourth in a series of annual lectures started by the Soviet and British governments in 1987.

The governor produced a sweeping list of financial reforms which he advised Moscow to institute as it abandoned its centralised approach to economic planning.

Mr Leigh-Pemberton stressed that the new ideas would sometimes involve difficult adjustments but that the effort would be worthwhile. He said that the Soviet Union would have to choose between a number of models from the western world, none of which provided all the answers.

According to Mr Leigh-Pemberton, the Soviet Union should:

- Change its mechanisms for setting prices, to ensure that these reflected supply and demand rather than artificial

targets set by governments. That would lead to fewer constraints in foreign trade.

- Aim for a balanced budget on public spending. If this was not possible, the country should run only a small public sector deficit. This should be no greater than the amount of productive net investment being undertaken by the private sector.

- Stop government loans to specific parts of the economy, other than when justified on commercial or social grounds. They should not be made "purely to avoid economic or political difficulties".

- Reform property and contract laws to give a legal framework for private enterprise. That would include instituting bankruptcy procedures to deter people operating in a private economy from using resources wastefully.

- Decide which activities could be managed better by private enterprise rather than the government. When areas of the economy are left in the hands of the state, hidden subsidies should be outlawed.

- Introduce laws to protect the consumer and prevent business monopolies.

Gorbachev spells out power sharing plan

By Quentin Peel in Moscow

PRESIDENT Mikhail Gorbachev yesterday presented his plans to share power in the Soviet Union with the presidents of the 15 republics while reinforcing his own supreme position.

Flatly denying that the measures reflected "imperial ambitions," he called for and won immediate parliamentary approval for the constitutional amendments - although the details can still be changed over the next two weeks.

Yet his latest attempt to revive the authority of central government and save the union from disintegration, he faces scepticism and outright hostility from some key union republics, which see it as a last attempt to restrict their independent sovereignty.

The constitutional development coincided with a new demonstration of the political weakness of the centre, when Marshal Dmitri Yarov, the defence minister, issued an order yesterday allowing Soviet soldiers to refuse to serve in the Trans-Caucasus.

"From now on, military units in Trans-Caucasia will be manned with servicemen called up in other regions on a voluntary basis," Tass, the official news agency, reported. The area includes the three

republics of Armenia, Azerbaijan and Georgia, areas of recent ethnic disturbances and rising nationalism.

Mr Gorbachev presented his constitutional amendments to the Supreme Soviet in Moscow, spelling out the details of an overhaul of presidential power first revealed 10 days ago.

Key elements of Mr Gorbachev's proposed constitutional amendments include: direct subordination of the Soviet government, now called a cabinet of ministers, to the presidency; creation of a powerful vice-president, elected by a minimum two-thirds majority, and the granting of important executive powers to co-ordinate all-union policies to the Council of the Federation, including the leaders of all the union republics.

Decisions in the Federation Council must be taken by a minimum two-thirds majority, and will be binding on the president, who must enact them by decree. They will also be binding on all the union republics.

Mr Gorbachev admitted that the allocation of powers between the union government and the republics still required debate. Yet the overall fiscal effect, because of the spe-

cial factors, is roughly neutral.

Mr Istvan Forral, head of the prime minister's secretariat, said that the target deficit should be close enough to the ECU70m demanded by the International Monetary Fund to allow agreement on a new credit facility. IMF approval of the budget is essential if Hungary is to obtain \$1.5m in credits from international organisations. It needs the money to fund a predicted \$1.2m current account deficit in 1991 on top of \$2.2m repayments on Hungary's \$20m foreign debt.

Government MPs are expected to propose amendments to increase spending, breaking the government's deficit targets and delaying the budget beyond the January 1 deadline. Most independent analysts regard the budget as a messy compromise between cabinet radicals, themselves divided, and more cautious ministers who have argued that an expansionary policy is needed to counter recession.

"This is a budget of muddling through," said Mr Laszlo Caba, head of the all-party

Bridge Group upon whose prescriptions the government claims to draw. "You can't pursue two or three policies at the same time."

The budget's neutral fiscal effect has been achieved largely by abandoning structural reform, indicating that earlier proposals for what amounted to economic shock therapy have been put on ice.

"The radical programme is postponed," said a senior official. "The government is not ready to undertake such a project. The government is too weak."

Separate radical economic proposals from Mr Ferenc Babar, the finance minister, and Mr Gyorgy Matolcsy, the prime minister's economic adviser, were undermined by the rivalry and lack of co-ordination between them. Finance Ministry proposals for ECU200m subsidy cuts to contain the deficit have been watered down by a factor of three; and Mr Matolcsy's proposals for supply-side direct tax cuts came up against Finance Ministry opposition.

that many of Mr Gorbachev's decrees have simply been ignored outside Moscow.

The constitutional amendments also require local authorities - the executive committees of regional and city soviets - to carry out the decrees of the central government. In recent weeks these have been ignored when republican parliaments and governments have disagreed.

Violent crime in the Soviet Union has become increasingly vicious and mercenary as social and economic hardships increase, the Interior Ministry said yesterday. Reuter reports from Moscow.

Ministry figures for 1989 showed a 28.5 per cent increase in murders to 31,467. Rape and assaults rose by 12 per cent in the first 10 months of this year. Murder in the course of armed robbery was up by 11 per cent over the same period.

Officials said the most disturbing feature of the crime wave, which has been building for three years, was its underlying "viciousness". Domestic quarrels were no longer the leading cause of murder.

In its place were crimes for money, often "of special cruelty, including the use of torture and explosives."

Hurd urges coherent security policy

By David Buchan in Brussels

MR Douglas Hurd, the UK foreign secretary, yesterday called for a more coherent European security policy, to convince an increasingly disenchanted America that its European allies were pulling their weight.

His call came after EC foreign ministers reviewed their plans for political union in advance of the Inter-Governmental Conference (IGC) later this month.

Mr Hurd termed as "broadly fair" a document in which the Italian presidency of the EC said "the great majority" of EC states now favoured "a common foreign and security policy", though the British minister stressed that defence still belonged in Nato.

The significance of the position taken yesterday by Mr Hurd - who along with former prime minister Mrs Margaret Thatcher formally dissented from an EC summit declaration on political union only five weeks ago - is his recognition that a major European security review can no longer be side-stepped. Mr Gianni De Michelis, the Italian foreign minister, hailed Mr Hurd's contribution yesterday as "good news for Europe".

But such a review was needed, not to design a replacement for Nato, but precisely to keep the US in Nato and some of its troops in Europe, Mr Hurd suggested.

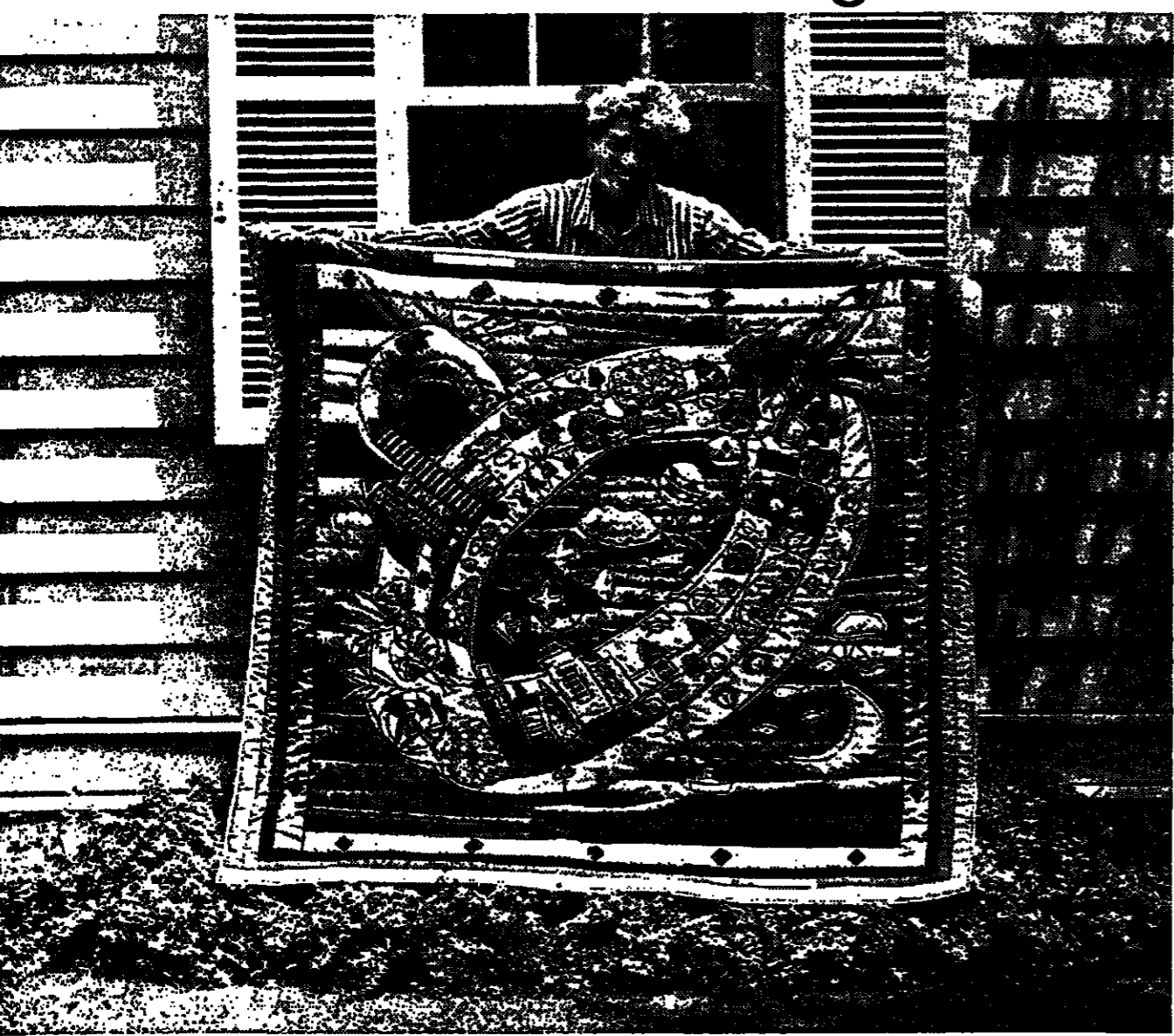
"There is a feeling in the US as they look at the Gulf crisis and the distribution of effort between the US and its allies, they see a lack of balance," the UK minister said. "It is thus more important that Europe should be more effective in its own defence," he said.

He called for better co-ordination between a European Community more focused on security, the Western European Union with its job of co-ordinating Europeans' military deployments in the Gulf, and the current revision of Nato's role.

The Twelve's views on political union remain far more disparate than on monetary union, where the UK has been the lone dissenter on all key issues. Italy has sought, and failed, to interest its EC partners in a Community takeover of the WEU, thereby posing problems for non-WEU members like Denmark and neutral Ireland.

Mr Hurd termed yesterday's meeting very satisfactory, "because what we have been keen to avoid is another attempt to write the conclusions of the IGC before the conference has begun".

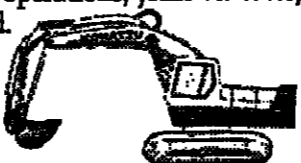
Hello, neighbour.



We're all neighbours in the global community. Learning how to fit into the local fabric of the community is part of being a good neighbour.

At Komatsu, we make construction and industrial machines such as excavators, robots, lasers, presses: tools for a better life. At the same time, we make it our business to work for the good of the community. We support local partnership in business operations, joint ventures, trade exchanges, service programmes: co-operation for a better world.

We don't know how the world will change in a decade, or even a year. But we believe that co-operation between neighbours can add harmony to the great pattern of life.



Co-operation for a better world.

KOMATSU
Head Office: 2-3-4, Higashi, Minato-Ku, Tokyo 107, Japan
Phone: (83) 3561-2517 Facsimile: (83) 305-9882

Regus

Your office in
PARIS LONDON
BRUSSELS MADRID
BERLIN WARSAW
COPENHAGEN NEW YORK
WASHINGTON D.C. LOS ANGELES
SAN FRANCISCO

Immediately available. Fully furnished and equipped offices. Secretarial support services. Conferences & Meeting Facilities. Prestigious Locations.

Tel London +44 71 733 2222
Brussels +32 2 529 0222
U.S.A. Toll free 800 776 5530

THE MALAYSIA CAPITAL FUND LIMITED

International Depositary Receipts issued by Morgan Guaranty Trust Company of New York evidencing 500 shares of USD 0.01 each

FIRST INTERIM REPORT

The interim report for the period from January 8th, 1990 (date of incorporation) to 30th September 1990 is available from the depositary at the address indicated below.

MORGAN GUARANTY TRUST COMPANY OF NEW YORK as depositary
avenue des Arts 35
1040 Brussels
Belgium

EUROPEAN ECONOMIC COMMUNITY

USD 200,000,000 11.50 % 1983/1995

We inform the Bondholders that the redemption instalment of USD 20,000,000, nominal due on January 18, 1991 has been satisfied by a drawing on 28 November, 1990, in Luxembourg in the presence of an huissier.

The numbers of such drawn bonds are as follows:
In denomination USD 1,000 from 19,233 to 21,632
In denomination USD 10,000 from 7,894 to 9,453

These bonds will be reimbursed at par on January 18, 1991, coupon due on January 18, 1992 and following attached, according to the modalities of payment on the bonds.

The following bonds previously called for redemption have not yet been presented for payment:

Called for redemption on 18/01/88: denomination of USD 10,000: 1042
Called for redemption on 18/01/88: denomination of USD 1,000: 9047 9090-9083

Called for redemption on 18/01/89: denomination of USD 1,000:

10-13	21	34-37	40
79-80	97-104	117-128	136-137
145	149	161-163	188-192
200-201	211-225	306-312	321-328
342-346	366-368	480-483	518-519
522-523	525	754	834-835
1463	1498	1793	2443-2447
2480-2481	2725-2728	2850-2853	3306
3405-3407	3595-3597	3607-3608	3617-3624
3707-3711			

Called for redemption on 18/01/89: denomination of USD 10,000:

49	52	55-57	74
106	109	132-133	483
485	515		

Amount outstanding after January 18, 1991: USD 80,000,000

The Principal Paying Agent
Société Générale Alsacienne de Banque
15, avenue Emile Reuter - LUXEMBOURG

EUROPEAN NEWS

EC to consider workers' councils

By Lucy Kellaway in Brussels

LARGE companies in the European Community will have to consult employees on all important matters affecting them. They will also be required to create workers' councils, according to the final draft of a proposal to be considered by the European Commission today.

The controversial scheme is likely to be vigorously resisted by Britain, which has long regarded worker involvement of any kind as an issue for companies themselves.

Many businesses also believe the proposal will add to costs and reduce flexibility.

Any company employing more than 1,000 people and established in more than one country will have to set up a European Works Council, made up of workers' representatives.

Such councils would have to be consulted on any matters relating to their interests.

The measure, which will apply equally to multinationals that are based outside the EC, would obligate managers to present workers with a progress report on the company's affairs.

Unice, the club of European employers, has told the Commission that any obligatory workers council would be unacceptable, as it would cut across different types of worker consultation in place in different countries.

Unice is also concerned that the measure could be expensive and could slow decision-making.

The directive is seen as a test of UK social policy. It will also be regarded as a clue to whether the leadership change will mean a softer line on social issues. Brussels officials are not expecting much change.

The proposal is a much watered-down version of the so-called Vredeling Directive, which proposed compulsory worker participation, and which has been blocked for 10 years by a UK veto.

The Commission argues that as the proposal only applies to companies with a European dimension, national governments can no longer complain that Brussels is treading on their toes.

The proposal leaves some room for flexibility as to how it should be enacted.

However, it makes clear that the types of areas to be covered should include job reductions, new working practices, the introduction of new technology, and organisational changes.

Growth soars in pre-unification West Germany

By Andrew Fisher in Frankfurt

WEST GERMANY'S economy kept ahead in the third quarter of this year at its fastest rate for 14 years. The 5.5 per cent increase in gross national product mainly reflected the strength of demand from east Germany following the introduction of the D-Mark and before the country was unified in October.

The figures bear out economists' contention that west Germany has been able to detach itself from the recessionary tendencies starting to affect other countries.

Although German companies are feeling the impact of the low dollar, higher oil prices, and the slowdown in foreign markets, many are benefiting from demand in the east.

The rise in the third quarter over the same period of 1989 was the strongest since the fourth quarter of 1976 and was in line with most forecasts. It compared with 3.4 per cent in the second quarter and 4.5 per cent in the first. Employment in the third quarter was 2.8 per cent higher than a year before, with an extra 782,000 jobs created, while labour productivity was 2.7 per cent higher. The

number of jobless fell by 122,000, or 6.3 per cent.

The Federal Statistics Office said the main force behind the jump in economic activity was the high level of domestic investment. Industry's spending on new equipment was 13.5 per cent higher, while construction investment rose 5 per cent.

Private consumption increased 4.1 per cent, propelled by immigration from the east, higher employment, rising incomes, and tax cuts.

Imports into west Germany leapt by 13.5 per cent in the third quarter, the strongest advance since the fourth quarter of 1970. This stemmed from demand in both parts of Germany, with goods flooding from the west to east Germany when it was still a separate country until October 3.

Exports rose 11.9 per cent, including sales to east Germany of goods imported through west Germany. The movement of goods from west to east has more than doubled this year.

GNP growth in the third quarter over the second was 2 per cent on a seasonally and calendar-adjusted basis.

Defeated party in despair after Lafontaine refuses party leadership

SPD wonders to whom it can turn

By David Marsh in Bonn

GERMANY'S opposition Social Democratic Party (SPD) was yesterday in open disarray after Mr Oskar Lafontaine, the badly-defeated candidate for Chancellor in Sunday's general elections, refused an invitation to become party chairman.

Party bosses were plunged into near-desperation after Mr Lafontaine, the deputy chairman, on Monday night turned down the offer to take over the party's reins from Mr Hans-Jochen Vogel.

Mr Lafontaine's refusal, announced at a meeting of the SPD executive board, leaves the party rudderless ahead of Mr Vogel's planned withdrawal from the leadership next May.

Renewed candidature by Mr Lafontaine in the next general election in 1994 cannot be ruled out. But, after recording its worst result for 33 years, the SPD now appears likely to choose another leader to prepare for the uphill struggle to rebuild its fortunes.

Although Mr Rüdiger Diefenbach, the prime minister of Schleswig-Holstein, has been tipped as a possible choice, the party is suffering a lack of promising material.

Mr Lafontaine's abrupt move to reject the chairmanship came after he was criticised during Monday's leadership meeting by Mr Willy Brandt, the former Chancellor.

Mr Brandt, Mr Lafontaine's former political godfather, has changed sides during the last year to become one of the candidate's leading critics within the party. Irrated by Mr Lafontaine's anti-unification stance during the campaign, Mr Brandt said during Monday's meeting that he had considered giving up his post as honorary chairman of the party - sparking Mr Lafontaine's decision to announce he was spurning leadership overtures.

Mr Lafontaine had earlier been pressed by a number of younger SPD leaders to take over the chairmanship from the lacklustre Mr Vogel.

His preference to return to full-time duties as prime minister of the small western state of the Saarland is bound to confirm the view of many within and outside the party that Lafontaine is not equipped for national leadership.



Lafontaine (left) and Vogel at the SPD's post-mortem yesterday on its worst result for 33 years. Lafontaine declines to succeed Vogel as party chairman

Turkish coal strike threatens to spread

By John Murray Brown in Ankara

TURKEY'S largest ever industrial action, affecting 50,000 coal miners, was still continuing yesterday with little prospect of a settlement.

Thousands of miners and their families were again protesting on the streets of the small Black Sea mining town of Zonguldak, demanding better working conditions and wage increases of up to 900 per cent.

The immediate cause of today's troubles is Turkey's rampant inflation rate, now running at around 60 per cent. But after a decade when union power has been systematically undermined in an attempt to maintain industry's competitiveness, Turkey's labour problems threaten to become a wider political issue.

Turkey is an important coal producer, with Zonguldak, the largest mining area, producing around 70 per cent of the country's 4.5m tonne annual demand, much of it destined for the vital iron and steel industry.

However, President Turgut Ozal has warned that the state coal company will double its losses if it offers even a 60 per cent pay increase. The company is offering a 95 per cent pay increase. On Tuesday, the Coal Board locked workers out of the mine.

With opposition Social Democrats and the conservative True Path Party both offering backing to the miners' claims, the strike looks set to spread to other industries.

A further 280,000 miners producing coal for the power sector and legally prevented from striking staged a go-slow. Strike action also seemed imminent in the important textile sector after talks broke down. Textiles was Turkey's largest export last year, earning \$3.5bn.

Under Turkey's labour laws, strikes are illegal for public sector workers and those in strategic industries. In the first seven months of this year, more than 12m working days have been lost through strikes.

In hard-hitting comments over the weekend, the president indicated that there would be no compromise. "What can we do if the coal you sell from Zonguldak does not cover the cost of the wages paid to the workers?" he asked.

Mr Semra Duzenir, the local union leader, said Mr Ozal "has sided with the managers against the workers. This is why Zonguldak is rebelling."

It was left to Mr Yildirim Akbulut, the prime minister, to adopt a more accommodating stance, calling for talks to end the strike.

General's departure is Ozal's sternest test

By John Murray Brown in Ankara

TURKS were still struggling yesterday to explain the sudden resignation of General Necip Torumtay, the chief of general staff, who was the country's top soldier.

President Turgut Ozal had already lost his defence and foreign ministers in October. But, in a country where the military has played such a dominant role, the general's departure represents the most serious challenge to his leadership since he became president last year.

The timing could not have been more awkward. It comes just a week after the United Nations sanctioned the use of force against Iraq, bringing the prospect of war in the Gulf even closer.

According to one newspaper, Gen Torumtay stormed out of a meeting of the National Security Council on Friday. There were unconfirmed reports that the entire military high command had been prepared to resign until the general persuaded them to stay.

Ironically, Mr Ozal's choice of Gen Torumtay was largely against the advice of the military and particularly the National Security Council, the body which the president chairs.

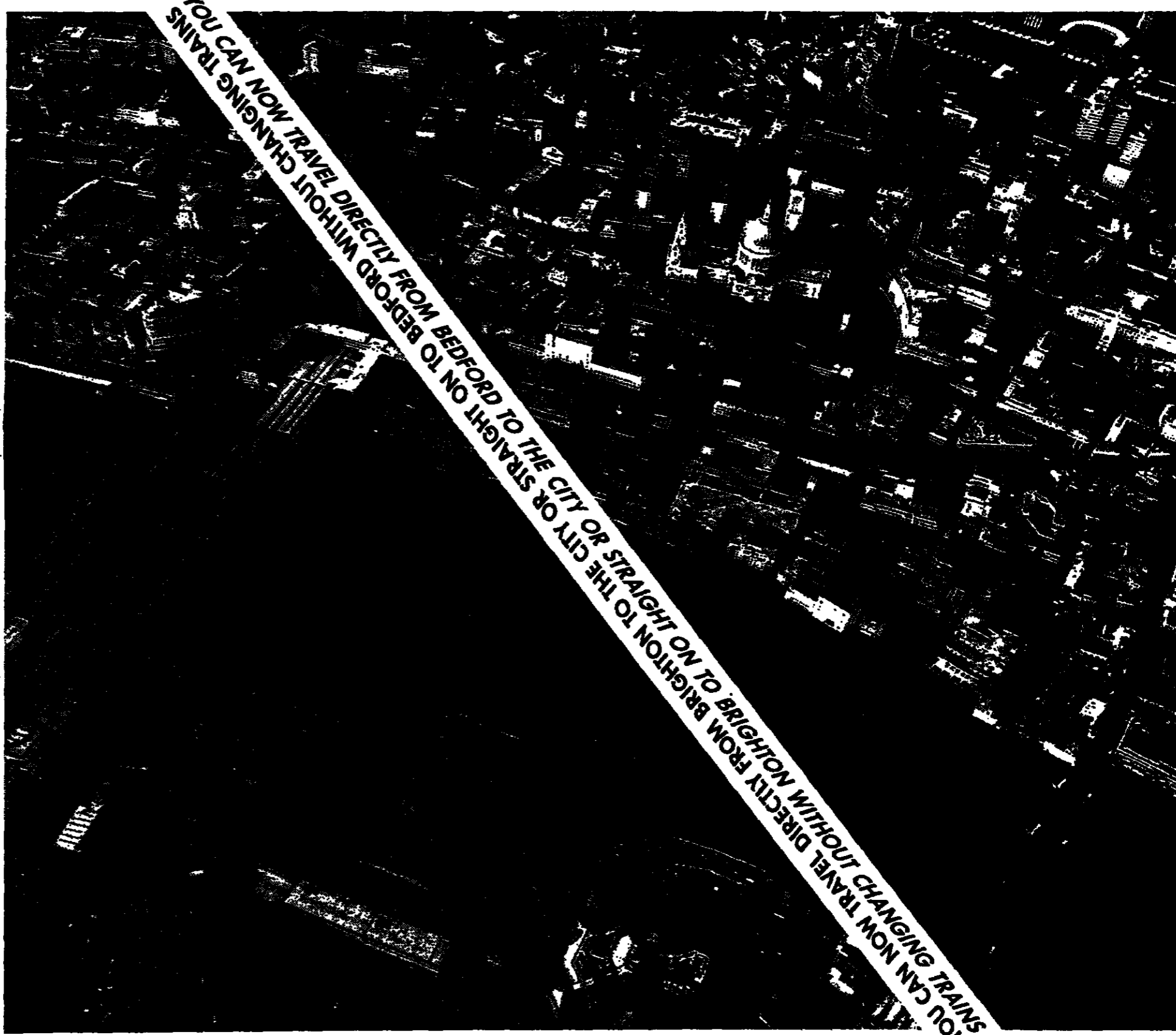
Yesterday it was announced that Gen Dogan Gures, the commander of land forces, had been appointed military chief.

Mr Ozal's relations with the military have been rather strained.

His ambivalence towards the rise of Islamic fundamentalism is of particular concern to a military that sees itself as the protector of Turkey's secular traditions.

His recent call for opposition parties to support a national referendum on choosing Turkey's president is seen as a direct threat to the constitution, which was framed by the military after the coup d'état of 1980.

Nominally, under the 1982 constitution, Turkey's president has few opportunities to influence policy.



To make your journey to the City a rather simpler business, Thameslink are pleased to announce an important change. No change at all.

Catch a train at your local Thameslink station and you can travel straight to the heart of the City.

There's a frequent service which

stops at King's Cross Thameslink, Farringdon, Blackfriars and St Pauls Thameslink, from as far north of the river as Bedford and as far south as Brighton. (During peak times you can also get to St Pancras, Barbican and Moorgate from the North.)

As well as cutting corners to the

square mile, Thameslink provides you with a flying start to both Luton and Gatwick airports.

And it's just as easy to join InterCity connections at Luton or Bedford.

Which all suggests there's just one change you have to make.

The way you travel to the City.

Instituto de Crédito Oficial

US\$ 450,000,000
Statutorily Guaranteed
Floating Rate Notes due 1997

In accordance with the Terms and Conditions of the Notes, notice is hereby given that for the initial interest period from December 3, 1990 to June 3, 1991, the Notes will carry an interest rate of 8.425% per annum.

The interest amount payable on the relevant interest payment date, June 3, 1991 will be US\$ 425.93 per US\$ 10,000 principal amount of Note and US\$ 4,259.31 per US\$ 100,000 principal amount of Note.

The Agent Bank



KREDIETBANK
S.A. LUXEMBOURG



Thameslink

Network SouthEast

GOODBYE FROM ALL AT NO. 10



Our move to Vigo Street has been brought forward unexpectedly so we need to clear stock immediately. Select from our extensive range of contemporary handknotted and gunfitted rugs, tapestries, wallhangings, embroideries, furniture, objects and clothing.

All stock reduced. Up to 50% discount on some designs

SALE ON UNTIL DEC 15th

RUGS	SIZE	PRICE	SALE PRICE
GUNFITTED			
"ABACUS" (Illustrated)	6' x 4'	£425.00	£212.50
"STRIPED"	6' x 4'	£425.00	£212.50
GUNFITTED "SECONDS"			
"NEAPOLITAN"	6' x 4'	£405.00	£202.50
"GEOMETRY"	7' x 5'	£488.00	£244.00
"SNAIL"	7' x 5'	£362.00	£181.00
CURRENT HANDKNOTTED STOCK			
"ROGERS MODERNIST"	6'8" x 5'3"	£635.00	£317.50
"KANGRA"	4'11" x 4'10"	£546.68	£273.34
			+ MANY MORE!

OTHER STOCK
10% discount on all 'One Off' Artists and designers work.
Tapestries, Wallhangings, Embroideries, Furniture, Objects and Clothing.



THE CONTEMPORARY TEXTILE GALLERY
10 GOLDEN SQUARE, SOHO, LONDON W1
Tel: 071-439 9070

OPEN 10am to 6pm Monday to Saturday (Sale only)

BUSINESS

BUSINESS



EUROPE'S WORKING BILLIONAIRES

The rich get richer

DAIMLER-BENZ

In the fast lane

ANITA RODDICK

Beauty's driving force

BUSINESSMAN OF 1990

Scholey in pole position

DECEMBER ISSUE ON SALE NOW

Place a regular order now, with your newsagent or Fax 071-351 2794 for subscription details
BUSINESS, 234 King's Road, London SW3 5UA
Tel: 071-351 7351

BUSINESS IS AN ASSOCIATE COMPANY OF THE FINANCIAL TIMES AND THE CYANIDE PUBLICATIONS

Shanty towns a blight on Lisbon

Buildings are decaying yet prices are soaring, reports Patrick Blum

LISBON is facing a major housing crisis as more and more buildings are collapsing after years of neglect and degradation.

Demand for accommodation is growing and property prices are rocketing amid general discontent from proprietors, tenants, construction companies, and local authorities.

The crisis has its roots in a combination of antiquated tenancy and rent laws that discourage private sector investment, and in the failure of successive governments to provide sufficient funding for public housing.

The Social Democratic administration of Mr Anibal Cavaco Silva is no exception. It has earmarked a record Esc20bn (£2.15bn) for expenditure on housing and other social spending in its 1991 budget. But this is for the whole of Portugal and is generally considered vastly inadequate to deal with the crisis in the major cities.

It also compares badly with expenditure on prestige projects such as a new cultural and conference centre being built in Belem, on Lisbon's outskirts, at a cost of Esc1bn.

The government is committed to giving a greater role to the private sector in the economy. But private investment is going almost entirely - save for a few luxury developments - into the much more profitable commercial property sector.

About one third of the land and property in Lisbon is owned by the municipality. But the city authorities, with a budget this year of about Esc50bn, can barely manage to pay for ongoing commitments covering a wide range of responsibilities from transport, cleaning, and public services as well as housing upkeep.

Mr Jorge Sampaio, the Socialist leader and Lisbon mayor, says the town hall cannot hope to solve the capital's housing problems without more government help and financial support.

The Socialist party, which won control of Lisbon and several other major cities in local elections last December, accuses the government of indifference and of not having a national housing policy.

Officials estimate that there is a deficit of about 50,000 homes in Lisbon - which



Just round the corner from some of Lisbon's handsomely restored buildings are slums

excludes an even greater number of homes that need to be rebuilt because they are in appalling condition.

Rarely a week goes by without the news of a building collapsing somewhere in Lisbon.

The level of degradation in some parts of the capital has reached such proportions that as many as 30 buildings are expected to collapse during the rainy winter months. To date there have been no major casualties.

Lisbon's housing problems have Third World characteristics. Shanty towns consisting of thousands of "barracas" - makeshift huts made of wood and scraps of metal - and cheap prefabricated "temporary" municipal housing have become a permanent blight on large parts of the city. A recent survey estimated that there were more than 9,100 barracas in Lisbon, a decline of only 1,000 since a similar survey was conducted 10 years ago. In addition there are about 4,500 "temporary" homes in an advanced state of degradation.

Mr Vasco Franco, a town hall councillor, says the real number of barracas is probably 20 per cent higher. This would put the total number of barracas and crumbling temporary homes at around 16,000 - housing nearly 50,000 people.

According to another study, about 60 per cent of buildings in 11 districts spread across Lisbon need urgent, and in many cases, extensive repairs.

In the Bairro Alto, a traditional district which has become fashionable in recent

years, of 770 buildings only 32 are in relatively good condition. Yet prices for even the most modest of flats have risen dramatically, though in the long run many houses will need to be extensively renovated or modernised at heavy costs to apartment owners.

Housing in many "historic" parts of Lisbon is reminiscent of the poor housing common in Europe in the 1940s and 1950s, with sanitation, hygiene and safety well below what are now considered internationally as minimum standards.

It was partly the lack of adequate safety which caused the 1989 fire that destroyed the Chiado, Lisbon's historic commercial centre, to sweep through the district at such a speed and with such devastating effect. Regulations may exist but they are poorly enforced and often flouted.

There are dramatic contrasts between adjoining streets in the same area. Just around the corner from grand villas, small palaces, and handsomely restored buildings, are slums in dirty narrow streets covered with rotting litter and the home to rats. Throughout Portugal about 3m people, 30 per cent of the population, live in accommodation without running water. Construction companies say Portugal has the most serious and intractable housing problem in Europe, with little prospect of real improvements in the short term.

Proprietors, blame the government for failing to radically change laws that they say assure tenants near unlimited

tenancy at rent levels which bear no relation to costs of building or of maintenance.

Shortages and growing demand for decent housing have caused a surge in prices and encouraged widespread speculation that has put buying beyond the means of most Portuguese. High interest rates have not helped and personal credit for housing has been steadily declining.

Meanwhile, a small private sector aimed at the wealthy and at expatriates who can afford rents comparable with those of Paris, Brussels or Frankfurt, has grown rapidly. This has further drained the housing stock while thousands of flats are left empty.

The government has been fearful of the political consequences of fully liberalising the housing market. Nevertheless, earlier this year it reformed the rent laws, mainly allowing new tenancy contracts to be reviewed and rents to be raised after five years. The new law has been widely criticised.

Developers and proprietors say the government's long-awaited reform is too timid and does nothing to resolve the problems with existing tenancies. Tenants' associations and trade unions have attacked the law saying it introduces uncertainty for tenants.

All agree that the new law creates ambiguities, and that it will do little to alleviate the crisis. For the foreseeable future, owning one's own home in Lisbon will remain an unattainable dream for the vast majority of the population.

IRELAND

The FT proposes to publish this survey on December 18 1990. It will be of particular interest to the 27% of Managing Directors and Chief Executives throughout Europe who are regular FT readers. If you want to reach this important audience, call Charles Blandford, Mac Publishing, 44 Leinster Road, Dublin 6, Tel: 0001 564000 Fax: 0001 564052 or Kirsty Saunders on 071 873 4823 or fax 071 873 3075.

FT SURVEYS

It's attention to detail that makes a great hotel chain, like providing the Financial Times to business clients.

Complimentary copies of the Financial Times are available to guests staying at the Holiday Inn (République) Paris, and The Holiday Inn Crowne Plaza in Toulouse.

FINANCIAL TIMES

Holiday Inn

RAND MINES LIMITED

From the Statement by the Chairman, D T Watt, for the year ended 30 September 1990

DIVIDEND MAINTAINED

SATISFACTORY PERFORMANCE FROM COAL AND PROPERTY BUT OTHER DIVISIONS AFFECTED BY ADVERSE CIRCUMSTANCES

Group results

With Group operations adversely influenced by the most difficult market and industrial relations conditions experienced for many years, attributable earnings increased by five per cent. However, owing to an increase in the number of shares in issue, arising from the rights offer made in November 1989, earnings per share declined by 17 per cent to 1.592 cents.

Turnover rose mainly as a result of the acquisition by the Group of an additional 49 per cent interest in the Middelburg mine and the consolidation of the results of the Vansa group of companies for a full year for the first time.

The relatively static earnings, despite the growth in turnover, are indicative of the severe pressure on operating margins. The major factors contributing to the lower margins were the relative strength of the rand, poor demand for certain of the Group's products, notably in the base minerals market, high interest rates on increased borrowings and inflationary pressure on local costs.

Results at a glance	1990 R million	1989 R million	% Change
Group consolidated results			
Turnover	1 693.8	1 367.7	+24
Profit before taxation	326.2	330.3	-1
Profit attributable to shareholders	226.4	216.3	+6
Total assets	3 686.1	2 997.8	+23
Earnings per share	1.592	1.929	-17
Dividends per share	850	850	-
Net asset value per share*	9.221	9.759	+1
Dividend cover (times)	2.5	3.4	-18
Rand Mines Limited, subsidiaries, and managed companies			
Turnover	3 388.6	3 106.1	+9
Total assets	6 072.0	5 258.2	+15
Number of employees	20 386	77 409	-9

*Includes excess of market value over book value of listed investments.

Comment

The results, although disappointing, represent the end result of dedicated efforts on the part of management and employees throughout the Group during a problematic year.

Last year, it was indicated that profits for 1990 were expected to be higher than those achieved in 1989, while earnings per share on the increased capital would probably be marginally lower. This was based on the belief that the South African Reserve Bank would continue with the policy of allowing the rand to depreciate in line with the inflation differential between the United States of America and South Africa. The forecast assumed an average exchange rate of R2.90 to the US dollar which appeared reasonable, as the rate had been as low as R2.87 to the US dollar in June 1989. The rand averaged R2.61=US \$1 for the year. Had the forecast exchange rate been realised, the profits after taxation of the coal and base minerals divisions would have been approximately R80 million higher than actually earned.

Outlook

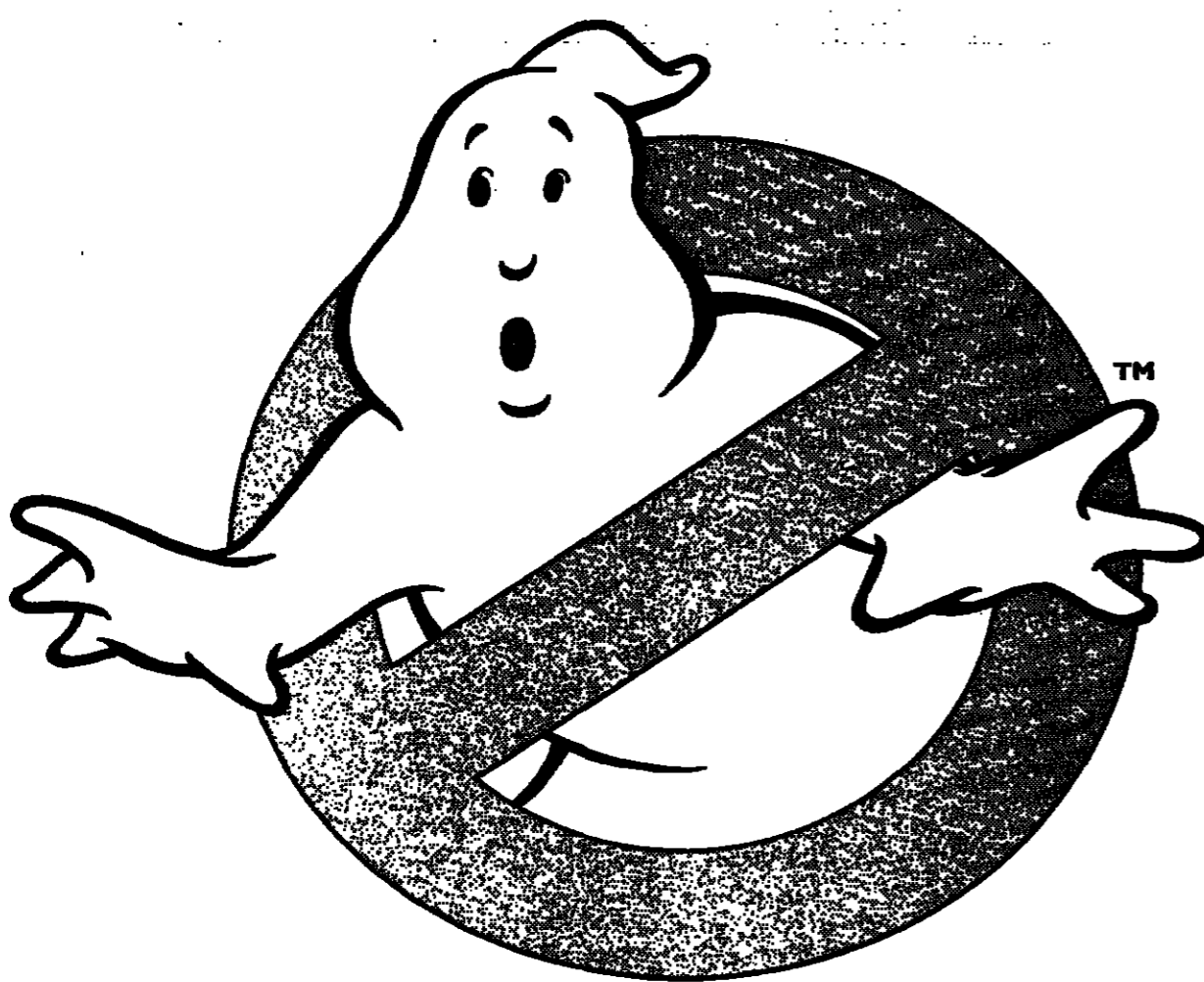
Group profits in the 1991 financial year will be primarily determined by the US dollar prices achieved for our export sales, the rand/US dollar exchange rate and the effects of inflation.

While the Group will gain strength from the streamlining undertaken, it will be operating against a background of economic constraints and far reaching social and political adjustments affecting the entire community. This unsettled and fluid environment is now expected to continue throughout the year ahead, and, consequently, it is difficult to make a reliable forecast of the Group's attributable profit in 1991. Nevertheless, it would appear that earnings could be well down on 1990. Under these circumstances, the dividend will, regrettably, not be maintained.

Johannesburg
28 November 1990

RM
RAND MINES

(Incorporated in the Republic of South Africa)
Registration No. 01/00684/06



SHARE IN THE SWEET TASTE OF SUCCESS IN GLENROTHES

Barker & Dobson, Keiller, Victory V's and Hacks are just a few of the brand names for which Alma Confectionery are famous.

And from their Glenrothes plant come speciality lines such as the highly successful 'Ghostbusters'. Alma Confectionery, like many other successful companies found Glenrothes an ideal place for locating their business.

Alma need to transport their products to their markets worldwide and Glenrothes is ideally situated to fulfil their requirements.

Who knows? You too, could be sampling the sweet taste of success in Glenrothes.

If you would like further information please complete and post the coupon below. Or, contact the Marketing Department on 0592 754343.



GLENROTHES, FIFE
GOOD FOR BUSINESS. GREAT FOR LIFE.

Marketing Department, Glenrothes Development Corporation,
Unicorn House, Glenrothes, FIFE KY7 5PD. Telephone 0592 754343.

NAME _____ POSITION _____ COMPANY _____ ADDRESS _____ TEL. _____

FT4

John Miles 1550

JP 11/12/90

WEDNESDAY DECEMBER 5 1990

1 Lisbon

ports Patrick Blum

restored buildings are also

... of rent levels...
... of managers...
... for dream...
... encouraged...
... speculation...
... beyond the...
... Portuguese...
... have not...
... credit for...
... steadily...
... declining.

Meanwhile, a small...
... sector...
... and at...
... afford...
... those of...
... Frankfurt...
... This has...
... housing...
... of flats...
... The...
... of the...
... the...
... earlier...
... of the...
... new...
... to be...
... The...
... criticized.

Developers and...
... say the...
... and...
... and...
... with...
... trade...
... law...
... All...
... will...
... for...
... future...
... on...
... investment...
... many...

EUROPE IS CHANGING, POLITICALLY, FINANCIALLY, ECONOMICALLY.



Europe is going through a period of dramatic change, with new political and financial structures developing, fresh markets opening and new legislation coming into effect. And since this change has resulted in new cross-border opportunities, so the need for innovative, flexible corporate finance has become more pressing than ever before.

industries, enabling us to combine our corporate finance expertise with an understanding of current developments in industries such as media, chemicals, branded foods, paper and packaging, energy and insurance.

WE'LL HELP YOU MAKE THE MOST OF THE NEW CROSS-BORDER OPPORTUNITIES.

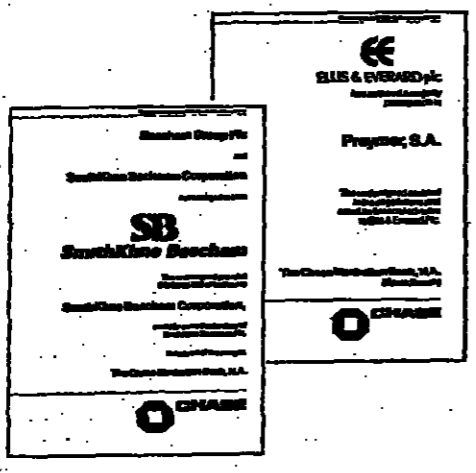
Indeed, our knowledge of these and other industries means that our teams actively approach companies with strategic recommendations on mergers, acquisitions, divestitures and buyouts.

It's an area in which we can play a decisive role in helping our clients achieve their objectives.

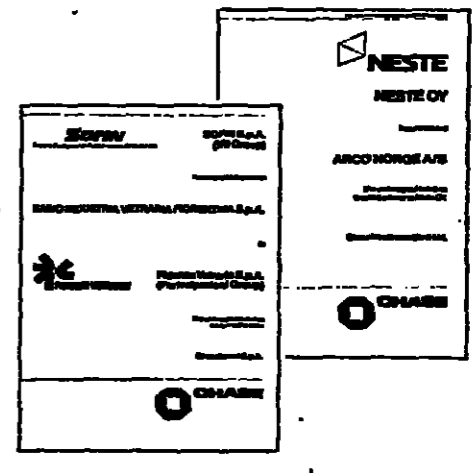
With this level of commitment to the corporate finance business in Europe, it's hardly surprising that we've established something of a track record.

For a start, our corporate finance professionals, on-the-spot in 20 European countries, are able to advise and assist our clients on every aspect of corporate strategy, from tax-effective financing to mergers and acquisitions.

We're one of the top twenty cross-border European M&A advisors, and Europe's most active loan syndicator. We've also recently completed more than a dozen leveraged finance transactions in six European countries, with a total value of over \$1.25 billion.



Our European M&A capability, for example, backed by our global network, enables us to successfully bring together potential buyers and sellers throughout the world.



To augment these capabilities, we have developed a detailed knowledge of a number of specific

All of which means that, whatever changes occur in Europe, we have the experience and resources to help our clients take full advantage of them.



CHASE

CREATING OPPORTUNITIES OUT OF CHANGE.

INTERNATIONAL NEWS

Japan heading for 6% growth in GDP for 1990

By Ian Rodger in Tokyo

JAPAN'S real gross national product in the third quarter of this year grew at an annualised rate of 4.1 per cent, according to figures published yesterday by the government's Economic Planning Agency (EPA).

Many western economies may be facing recession, but Japan's thus continues to show remarkable resilience. This rate of growth, coming after an annualised 11.35 per cent in the first quarter and 5.5 per cent in the second quarter, virtually ensures that Japan's real GNP growth in the full year 1990 will exceed 6 per cent. This is well above earlier predictions and extraordinarily high for a large developed economy.

Although economic growth has slowed in recent months, there is little concern in Tokyo that the economy will slide into recession in the near future. On the contrary, there is still some worry about overheating in official circles.

Mr Shinya Hoshino, deputy director general of the EPA, said yesterday that the economy was now at "a desirable cruising speed" after too rapid a pace earlier in the year. But senior Bank of Japan officials have been saying that their policy stance remains one of waiting to see if monetary tightening measures they have already taken are enough to bring economic growth down to a sustainable level.

Private-sector economists as well as confident that the economy will remain relatively strong. Yesterday, Daiwa Bank's research institute forecast that the economy would grow 3.8 per cent in the year to March 1992, compared with an estimated 3.3 per cent in the current fiscal year.

Real GNP grew 1 per cent in the three months to September on a seasonally adjusted basis compared with the previous quarter, and 5.5 per cent over the same quarter of 1989, according to the EPA. Domestic demand contributed 0.9 per cent to the expansion, while external demand added 0.1 per cent, compared with a negative figure of 0.9 per cent in the previous period.

Consumer spending growth was surprisingly weak, rising only 0.4 per cent, compared with 1.6 per cent in the previous quarter, while private-sector capital expenditure growth slipped to 1.8 per cent (3 per cent). On the other hand, private housing grew 6 per cent (5.2 per cent).

Exports fell by 4.7 per cent from the previous quarter, and imports by 5.3 per cent.

The ratio of the nation's current account surplus to nominal GNP declined to 1.0 per cent from 1.3 per cent in the previous quarter. Year-on-year inflation, as measured by the GNP deflator, rose to 1.9 per cent from 1.8 per cent.

Company's collapse raises fears of more failures

By Robert Thomson in Tokyo

THE COLLAPSE of a chemical company with a recent past of property speculation has heightened fears that a spate of property-related collapses could be the start of a more severe shake-out of corporate Japan.

Yuhio Kasei, an affiliate of the listed Toyama Chemical, has sought protection from the Tokyo district court for outstanding debts estimated by credit research agencies at around ¥40bn (US\$300m).

Meanwhile, senior executives of Itohan, the financially troubled trading house which is attempting to reduce its property exposure, yesterday addressed leading creditors in an attempt to secure support for a restructuring.

Itohan is planning to cut its property investment by ¥700bn over the next year, but the apparent suicide of an Itohan executive last weekend has caused nervousness among creditors, who will be addressed again in Osaka today and in Tokyo tomorrow.

The Ministry of Finance yesterday announced plans to investigate property lending by non-bank financial institutions, which are blamed by the ministry for the excesses in the industry. However, creditor lists of recently collapsed companies, including Kyowa Corporation, the biggest failure this year with ¥150bn out-

standing, show that bank affiliates have been leading lenders. Kyowa's failure last week has led to what Japanese newspapers call the "Kyowa Shock". In the past few days, companies with real or perceived connections to the company have been sold heavily on the Tokyo exchange, while rumours have circulated about serious financial problems at better known companies.

Yuhio Kasei has a similar recent past to Kyowa's: it entered the property business in 1987, and quickly expanded its development projects in the Tokyo area. Bankers say it was considered favourably for loans because of its focus in Tokyo, although the property market in the capital has been flat for three years.

Companies entering the Tokyo land rush after the price peak have been among the most vulnerable. A surge in interest rates this year, as well as a general softening of the property market, left Yuhio unable to meet obligations, and Japanese credit research companies say it applied for court protection on Monday. Fearing a "Yuhio Shock", Toyama Chemical, which has a 31.75 per cent stake in Yuhio, yesterday delivered a statement to the Tokyo exchange and held a press conference to assure investors it would be unaffected by the failure.



Begum Khaleda Zia, leader of the Bangladesh Nationalist Party, at a rally in Dhaka yesterday

THE MIDDLE EAST

Saddam v Baldrick as Blackadder goes east

David White visits a cunningly-sited British army camp in the Saudi port of Jubail

THE Baldrick Lines, they call them. At the port of Jubail in north-eastern Saudi Arabia, the rows of British army tents are marked off by letters and numbers.

Blackadder, a character in the BBC historical comedy series Blackadder, is a dirty, down-trodden fellow who appears in different incarnations, most recently a First World War private. He always has a "cunning plan". The plans are always foolish.

And that is what they say in Jubail when asked the reason for the name. Putting a tented camp down on the tarmac of the port was a cunning plan. The port, 150 miles south of the border between Saudi Arabia and Kuwait, was built under the management of a British company, Sir William Halcrow and Partners, and completed six years ago, for commercial use. Its biggest client to date is the British army.

Just recovering from one peak of activity, it is heading itself for another when British troop reinforcements start

arriving this month, more than doubling the UK's 11,500 ground forces.

Glamorous it may not be, the business of receiving men and equipment and moving them into the desert. But this is where Mr John Major, the prime minister, when he visits the Gulf might best appreciate the effort required to mount a military operation of this kind.

Commercial activity at the port, which covers an expanse of some 20 square miles within the harbour walls, has ceased. It is run by the US Marines, under whose wing the British forces are being deployed.

Between mid-October and mid-November Jubail received 44 shipments of British equipment: 4,500 vehicles (tanks, armoured infantry vehicles, "soft-skinned" trucks and Land Rovers, engineering vehicles), 1,500 containers and 12,000 tonnes of ammunition, all of which has been transported to storage sites in the desert.

Two of the harbour sheds served to accommodate arriving British service

personnel, 2,000 at a time in each, with loading pallets used to cordon off the camp beds into sections. Between the sheds stand lines of makeshift latrines.

It was the only place the British could come. Dharan, to the south, was already full with Americans. There was some reluctance to go as far north as Jubail. US Patriot air defence batteries guard the port, the only weapons claimed to be effective against ballistic missile attack.

But they were lucky to find such ready-made facilities. British logistics and transport people say they would like to wrap it all up and take it home with them. "It's been so under-utilised it was a crying shame."

Every British vehicle boasts the red Desert Rat emblem. Back in Germany where the troops came from, it would have been against the rules. "But when this is all over," it is suggested, "maybe the people who were here will be allowed to keep it."

Much store is set by having the right

Bangladesh president quits after six weeks of protests

PRESIDENT Hossain Mohammad Ershad of Bangladesh yesterday announced his resignation, calling a special session of parliament on Saturday to name a vice-president to head a caretaker government until elections are held, Reuters reports from Dhaka.

This followed an opposition rejection of his peace plan broadcast to the nation on Monday, under which he had offered to step down in mid-1991 before a presidential election due then.

State television said Gen Ershad had asked opposition parties to nominate a vice-president to run an interim administration. "The ball is now in the opposition's court," he said, adding that parliamentary elections would be held before a presidential election.

Earlier, thousands of Bangladeshis marched through the capital, Dhaka, hailing the peace plan but backing opposition demands that he resign immediately.

"We are on the threshold of victory. The hated dictator has finally started counting his days," they chanted as security forces watched from a distance. Witnesses said about 100,000 people took part.

Nineteen MPs belonging to Gen Ershad's Jatiya Party resigned yesterday "in view of the current political situation". The 60-year-old general has ruled the impoverished country of 110m people for nearly nine years. He took power in a bloodless coup in 1982.

An eight-hour general strike called by the opposition for yesterday closed offices, banks

and businesses and halted public transport.

It was the first of a series which 22 opposition parties had called as part of their six-week campaign to oust him. Last week Gen Ershad had declared a state of emergency but eased it on Monday after the clampdown failed to suppress the popular unrest.

According to some estimates, more than 70 people had been killed and 500 wounded in clashes between security forces and demonstrators during the emergency.

Gen Ershad said on Monday he would contest the next presidential election as a candidate of his ruling Jatiya Party. But few believe he will stand now that he has resigned. All through, he had kept the support of the 85,000-strong army.

Amnesty attacks Iran rights record

By Scheherazade Darnestkh

AMNESTY International today urges the Iranian government to take immediate steps to rectify its "gross" human rights record.

The London-based human rights organisation speaks in a report of the "relentless and ruthless" abuse of human rights, including the execution of more than 5,000 people in the past three years.

About half these executions took place in the latter half of 1988 in what Amnesty describes as a "purposeful mass killing of political opponents", when members of predominantly left-wing groups were executed in prisons across the country after a cursory interrogation by a "Death Commission".

Tehran dismissed the report yesterday as an unfounded and "racist" document published to put it under pressure to change its policy on the crisis in the Gulf. Iran has condemned the Iraqi invasion of Kuwait but has also been highly critical of US forces in the region.

The 64-page report details the extensive use of the death penalty for non-political crimes too, up from 148 in 1985 to 1,500 in 1988, with prisoners having no recourse to legal counsel or the right to appeal. Many of these were given out by the Islamic Revolutionary Courts for drug-related offences. Amnesty recorded 1,000 drug-related executions during 1988.

Saudi oil refinery fire may hit multinational forces

By Mark Nicholson

FIRE damage appears to have hit output badly at Saudi Arabia's Ras Tanura oil refinery, the world's biggest and the main supplier of aviation fuel for the multinational forces based in the kingdom.

Oil executives in London said the cut in the refinery's output could prove long-term and may cause slight dislocation

in world supplies, but would be unlikely to cause widespread disruption.

However, the damage could put pressure on supplies of kerosene aviation fuel for the 1,200 locally-based aircraft in the multinational military coalition deployed in the kingdom if fighting broke out. Enough fuel has been stock-

pled for present operations.

A four-hour blaze at the refinery last Friday is believed to have badly buckled the refinery's main distillation column. Oil industry officials in the Gulf yesterday estimated that output had fallen to about 300,000 barrels per day from the plant's usual 530,000 b/d. Saudi authorities said the

fire, which injured three workers, was caused by a leak.

Saudi oil officials have refused to elaborate on the damage at the refinery, but London oil executives said yesterday their information suggested the damage could be sufficiently serious to keep output low for several months. "It looks like a year's job to

put right rather than a week's job," said one specialist yesterday.

The refinery, 230 miles south of the Kuwait border on Saudi Arabia's east coast, has been supplying up to 35,000 b/d of aviation fuel for the aircraft of the multinational forces based in the kingdom against Iraq.

Angolan leader warns of change

ANGOLAN President Jose

Eduardo dos Santos called yesterday for sweeping economic and political reforms and to his ruling Popular Movement for the Liberation of Angola (MPLA) that its 15-year, one-party rule would soon be over, AP reports from Luanda.

He told 700 MPLA delegates at the opening of the party's third congress that it would be "the last under a single-party system".

Mr dos Santos said the MPLA must abandon its Marx-

ist economic model to embrace the free market and democratic socialism.

Angola is rich in minerals and agricultural land, but the war has crippled economic activity and severed communications. Only exports from the heavily guarded north-western oil fields have kept the economy afloat.

The six-day congress is scheduled to debate proposals for reforming the centralised economy and introducing multi-party democracy. Dele-

gates will also discuss the continuing peace talks with US-backed UNITA rebels to end a 15-year civil war.

After a fifth round of peace talks between the two sides last month, Portuguese government mediators said they were close to a ceasefire. The talks are expected to resume in January.

Mr dos Santos criticised the centrally planned economic system followed by the MPLA since Angola's independence from Portugal in 1975.

Lawyers benefit from HK passport worries

By John Elliott in Hong Kong

HONG Kong solicitors are demanding fees of as much as HK\$20,000 (US\$1,305) to advise managerial, professional and other people how to fill in application forms for UK passports, which are to be issued next year on a personal points system to 43,300 heads of household.

Nearly 40,000 forms have been issued since Saturday under the new British Nationality Selection Scheme. They are printed only in English and each includes 30 detailed questions, based up by nine advisory manuals of some 300 tightly-packed pages each.

The scheme is likely to cause serious tensions and jealousies in Hong Kong when the passports are issued because only 20,000 men, women and children - and nine advisory manuals - will eventually win, out of a population of nearly 6m.

Government officials say the forms could be filled in within three hours without any pro-

fessional advice.

But solicitors say expert guidance is needed to maximise the number of points that can be won in such a socially sensitive exercise. Some companies have hired London barristers and other immigration experts to give advice and vet applications.

"We are dealing with highly paid managers and professional people who do not have the time to pore through all this documentation, but whose future lives, and those of their families, will depend on the result. So for them, to get the answers right and win sufficient points, HK\$10,000 or HK\$20,000 is a good investment," one lawyer said.

The scheme is designed to stem Hong Kong's brain drain of more than 60,000 men, women and children a year who are leaving to seek foreign passports ahead of the colony's return to Chinese sovereignty in 1997.

Elders IXL director arrested

MR GEOFF LORD, a director of Elders IXL, one of Australia's biggest companies, was arrested yesterday on 37 charges involving Rothwells, a failed merchant bank, Reuters reports from Perth.

Mr Lord, chief executive of Elders Resources NZPF until August when the parent trading company sold it off, was remanded on bail until February 13. He is charged with criminal offences relating to Elders Resources' purchase of shares in Paragon Resources, a gold mining company.

Congo PM quits

Congolese prime minister, Mr Alphonse Poaty-Souchalaty, has resigned before the start of a congress of the ruling Labour party. Reuters reports from Brazzaville.

The national news agency attributed it to "significant differences about how to solve the country's political crisis". A multi-party system is due to be inaugurated in January.

Shrine agreement

Hindu and Moslem groups yesterday agreed to exchange evidence in support of their respective claims to a disputed shrine at Ayodhya, north-east India, extending efforts to settle the issue amicably, writes E.E. Sharma in New Delhi.

However, Hindu militants will tomorrow attempt again to build a temple at the site, where they claim the god Ram was born.

Kenyan reform plan

Kenya's ruling party yesterday approved modest reforms aimed at defusing opposition, but said it would keep the one-party system, Reuters reports from Nairobi.

The Kenya African National Union (KANU) endorsed changes to an unpopular election system and ended expulsions of critics from the party.

SA blacks killed

South African police found seven more blacks hacked and beaten to death yesterday, continuing South Africa's latest spasm of township warfare that has claimed over 80 victims in three days, Reuters reports from Johannesburg.

New Philippine taxes likely in move to cut deficit

By Greg Hutchinson in Manila

THE PHILIPPINE government and legislature yesterday moved closer to agreement on new taxes aimed at lowering the country's ballooning public sector deficit.

Mr Jesus Estanislao, the finance secretary, and the International Monetary Fund are seeking a 30bn peso (US\$75m) increase in tax revenues next year. The proposals were endorsed yesterday by

Senator Jovito Salonga, president of the Senate, boosting hopes that the country will eventually agree to a stabilisation programme drawn up in February last week with the IMF.

The IMF had sought a government Congress accord on a fiscal programme to reduce the public-sector deficit from 5 per cent of gross domestic product now to 3.5 per cent next year and 2.5

per cent in 1992. Apart from new revenue measures, the IMF and the finance secretary want a 25bn peso cut in expenditures next year to 198bn pesos.

Mr Estanislao said: "Behind these percentages are very powerful decisions to make. Among them is setting domestic oil prices at 'realistic' levels, cutting a government pump price subsidy of 2.5bn pesos a month.

Another measure is the imposition of 5 per cent levy on all imports, or 7 per cent on imports other than oil.

The House of Representatives, which also can initiate taxation measures, has been warning slowly to new taxes. Inflation in the Philippines ran at an annual 13.1 per cent in November, up from 12.0 per cent in October, the National Statistics Office said.

Terrorism shatters the tranquility of Assam's tea gardens

Planters fear that a separatist campaign could undermine the long-term viability of their industry, writes David Housego

IN THE tea gardens of Upper Assam, one of the world's richest producing areas, planters are heaving a sigh of relief. The army operation that began five days ago to flush out separatist guerrillas from their hide-outs in the dense tea forests has brought at least a temporary respite from the fear that has haunted the estates for most of this year.

The planters, many of them working for British-owned companies, nonetheless remain deeply worried about the future. The separatist movement, the United Liberation Front of Assam (ULFA), has, according to senior officials in the state, a hard-core of 400-600 insurgents equipped with sophisticated weapons and trained in Burma. Most of them so far seem to have escaped the army's net.

The grievances that gave birth to ULFA - high youth unemployment and resentment in Assam that the state's backwardness is due to neglect by the central government - still remain.

"The future is uncertain," says one planter who sees

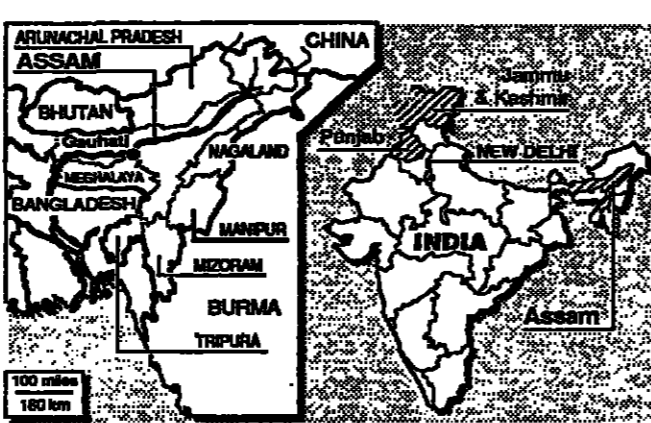
events in Assam as part of the regional, caste and religious turmoil gripping other parts of India. "We can't be sure the extremists will be wiped out. If this problem cannot be solved, the industry will be hit very badly."

Planters up to now have shied away from talking to the press for fear of terrorist reprisals. Those I talked to spoke on condition they were not named.

Mr D.D. Thakur, the governor, who has taken over the administration since president's rule was imposed last Wednesday, says his aim is to curb the violence, to capture and put on trial 200-300 extremists and to hold elections "well before March".

Unlike Kashmir and the Punjab - two other border states where India faces separatist insurgencies - he says that in Assam "nobody is really prepared for separation. This is the silver lining in the situation".

The tea estates that fan out from the Brahmaputra river - a vast dark green partially sheltered from the sun by an umbrella of trees - are to the



tea industry what Bordeaux is to wine. Upper Assam produces the rich "Assam" that is the base of most blends and accounts for over half of India's tea production.

Until this year the planters (now all Indian) have lived a life of almost Edwardian tranquility. Part of the shock to them has been to see their world invaded by young revolutionaries touting automatic weapons and undermining their authority over workers who have been disciplined to

accept their word without question.

The turning point came in April when Mr Surendra Paul, a leading Calcutta industrialist whose family owns estates, was shot by ULFA extremists near Tinsukia in a calculated move to intimidate the companies. After that, all the gardens faced escalating demands as ULFA militants forced them to land vehicles or to appoint ULFA nominated suppliers.

In June many of the companies were called by ULFA to a

meeting in Dibrugarh and ordered to pay a levy of initially Rs2.5 per kg of tea. Many of the British companies - including Unilever (which owns the Doon Doona estates), the Assam Company (part of the Inchcape group), Warren's and Stewart Hall - refused.

But kidnappings and threats resulted in the departure of many managers and middle level staff. Planters say that law and order passed out of the hands of the state government and into those of ULFA. Last month Unilever evacuated by air 45 of their staff and families from the Doon Doona estates - without informing the Assam state government. Their move was condemned by local officials as irresponsible.

ULFA grew out of the same student movement that brought to power the Asom Gana Parishad (AGP) government that was dismissed last week. Many of its senior cadres are graduates of middle class background.

Influenced by Maoist ideology, it has developed a powerful military organisation and

deep roots in the villages. It used part of the funds it collected (estimated at Rs1.4bn US\$28.5m-£114m) from the tea industry and business to buy weapons in Burma, where it allied up with other Indian and non-Indian revolutionary groups, including the Tamil insurgents of Sri Lanka.

In building support in the villages, ULFA campaigned to eradicate perceived evils like corruption, drugs and locally brewed liquor, and to promote welfare and development programmes.

Because of its links with the AGP, it had the implicit support of several ministers in the AGP government. The AGP in turn used ULFA to intimidate other political opponents in anticipation of state assembly elections being held this month or next.

Mr D.D. Thakur, the governor, faces an enormous task in eradicating the terrorist movement and restoring democratic government.

The AGP - still the largest party in the state - is mobilising public opinion against both central government and army intervention.

Most people are unwilling to provide information against ULFA. "If the governor came here, I would not open my mouth. No way," said one planter. The widespread opinion is that ULFA will survive the army onslaught and take reprisals.

Within the tea industry, uncertainty about the future is mixed with introspection. Some planters think the estates should have been more involved in local development, especially as the industry has been making record profits since 1988 - though it is also highly taxed.

Some planters also believe that companies should have consulted and co-ordinated more in the face of terrorist violence.

Most of the short-term damage to the estates in terms of neglected maintenance can be made good. But planters believe their authority over their workforces has been eroded by the ULFA militants. They also fear that if violence continues more managers will quit - leaving a vacuum in a labour intensive industry that requires close supervision.

WORLD TRADE NEWS

EC commits itself to liberalising trade in services

By William Duffell in Brussels

THE European Community has committed itself to liberalising trade in a wide range of services, in a move calculated to help break a crucial stalemate at the Gatt ministerial conference here.

The offer, formally tabled on Monday, was preliminary and conditional, an EC spokesman said, in response to a US complaint that other countries had not made the initial commitments to liberalisation which Mrs Carla Hills, US trade representative, needs to persuade the US Congress to approve an international agreement.

The 12 member states would open their markets completely to foreign services in many sectors and partially in others. There will be no limitations on market access and treatment equivalent to the services provided by domestic providers would be available in most business and professional services.

Partial liberalisation is offered in telecommunications, financial services and transport. In the audio-visual sector, where it has imposed controversial limits on the use of foreign video and television programmes to the anger of the US movie industry, Brussels offers only to consider liberalising non-cultural films.

However, the EC continues to insist that the right to non-discriminatory treatment after Gatt's most-favoured-nation (MFN) rule must be firmly embedded in any general agreement on trade and services. Under MFN a trade benefit granted to one country must automatically be extended to all others.

Washington's refusal to have the MFN principle written into the framework of the agreement brought four years of negotiations on liberalising the \$600bn (\$247bn) trade in services to deadlock in Geneva last month.

After the deadlock over agriculture, the impasse in services is regarded as the most likely to bring about the collapse of Gatt's Uruguay Round at this week's concluding meeting. Mr Jaime Serra Puche,



Mexico's trade minister, has been put in charge of a working group seeking to resolve the services impasse.

US determination to hinge the granting of MFN on the opening of markets by other countries was largely motivated by AT&T and other US companies providing basic networks. Their argument was that under a non-discriminatory rule the US would be operating an open telecommunications market without any lever to prize open the markets of other nations.

In telecommunications the EC is offering full liberalisation of Value Added Services from 1992 and says it would consider opening up packet and circuit-switched data services from 1996. It would also encourage freer types of satellite and mobile services. But the offer is silent on basic networks.

Acting to assuage the bad image it has acquired because of its stance on world farm trade, the EC has also submitted an offer to open its market further to the tropical products which are of importance to developing countries.

It proposes to eliminate tariffs on raw materials, to reduce duties on semi-processed goods by 35 per cent and to cut duties on processed products by 50 per cent.

The offer, which complements the reductions introduced last year, covers 220 tariff categories and an annual trade volume of \$2.5bn (\$2.5bn).

Products include coffee, cocoa, tea, tropical fruits, spices, cut flowers, essential oils, rubber and wood articles.

IMF intervenes in farm row

By Peter Montagnon and William Duffell

THE ABOLITION of farm supports would increase by \$50bn (\$26bn) the foreign exchange earnings of net farm exporting nations of the developing world, Mr Michel Camdessus, managing director of the International Monetary Fund, said.

Even if such a change can only be gradual, figures of this size call unequivocally for resolute action, he said in a speech prepared for delivery yesterday to the Gatt session.

Mr Camdessus stressed the importance of the Uruguay Round of multilateral trade negotiations to the world economy, both in sustaining confidence in the industrial world at a time of slowdown, and in supporting the economic adjustment efforts being made by developing countries and the emerging democracies of eastern Europe.

Dismantling trade barriers would increase both growth and employment, he said. Without it the adjustment efforts of developing countries might fail.

Listing the potential benefits to developing countries, he said:

■ A one percentage point increase in the growth rate of the industrial world would lead to an average annual 1.75 point increase in the exports of indebted developing and east European countries. This would raise their revenues by \$48bn over five years.



Camdessus severely criticised the 'cancer of protectionism'

■ The elimination of tariff and non-tariff trade barriers by industrial countries would raise the growth rate of developing countries by nearly 3 percentage points, yielding benefits equivalent to twice the aid they receive.

■ A five percentage point cut in duties applied by industrial countries to manufacturing imports from developing nations would raise the exports of net debtor countries by 4.6 per cent.

Trade is much more important than aid for developing countries in difficulty, many of whom are now engaged in structural adjustment programmes. The industrial world would

Developing world feels cheated on textile deal

By William Duffell

SOME DEVELOPING countries feel they have been hoodwinked by the European Community and other industrialised nations in the draft agreement liberalising the \$183bn-a-year trade in textiles and clothing presented to world trade ministers.

The proposed deal amounted to merely an illusion of liberalisation, Mr Malik Naeem Khan, Pakistan's commerce minister, said.

The agreement's aim is to dismantle the Multi-Fibre Arrangement (MFA), which has subjected imports of textiles and clothing to bilaterally negotiated quotas for nearly 30 years, and to bring the trade under the rules of Gatt.

Initially 10 per cent of the total volume of the trade would be integrated into Gatt. Then, at each of three stages through a transitional period, given percentages by volume would be integrated. Percentages of 15 per cent for the first stage and 20 per cent for the second have been suggested, leaving the remaining 55 per cent to be integrated at the end of the period.

Proposals for the length of the transitional period vary from 6½ years to 15 years. A compromise on 10 or 11 years is expected.

The problem concerns the products to be covered by the

agreement which are listed in an annex. The list includes products which have never been restricted under the MFA but which importing countries could count in the percentage de-restrictions they would have to introduce at each stage.

Pakistan claims that the EC would be able to "liberalise" imports of large-volume products, to which it already allows free entry.

These products include annual imports of 398,000 tonnes of man-made staple fibres, 60,000 tonnes of jute products and over 40,000 tonnes of carpets.

The products are mostly exported by the poorer developing countries. Pakistani officials calculate that, if these heavy-volume products are included in the list from which the EC can make its staged reductions in import barriers, Pakistan would receive little benefit before the end of the transitional period.

"We will not accept an agreement based on such an illusion," Mr Naeem Khan said. Textiles and clothing, together with agriculture, services and intellectual property rights, is among the four core issues for which trade ministers have to find solutions.

Trade officials had thought that textile products would be the easiest to solve.

Concern at \$10bn phone overcharging

By William Dawkins in Paris

LEADING industrialised countries are studying how to reform restrictive practices that lead to the world's telephone users being overcharged more than \$10bn (\$3.2bn) a year on international calls.

Members of the Organisation for Economic Co-operation and Development (OECD) have asked the Paris body's experts to examine alternatives to the present way in which telephone companies share revenues on international calls.

This obscure accounting system penalises phone companies that cut international charges.

The study was commissioned by the most recent in a regular series of meetings of senior national telecommunications officials, which for the first time accepted the need to re-examine the accounting rate system. The OECD study, for discussion at another session next May, would guide industrialised countries as they decide their own policies.

But it means the OECD has thrown its weight behind the international telephone companies' club, the International Telegraph and Telephone Consultative Committee (CITT), which is drawing up wider ideas for more liberal markets.

IT'S TRUE. WE DO STILL WEAR FLAT CAPS IN NEWCASTLE.

As regional capital of the North of England, Newcastle is home to three of the largest and most highly respected seats of learning in the country.

Altogether, Newcastle University, Polytechnic and College run over 1,200 full and part-time courses, with a reputation for excellence in subjects like Computing, Engineering and Design.

They have a student population of 40,000, and every year over 11,000 leave them to look for work.

For Newcastle's graduates, however, that's not a problem. It's quite likely they'll already have jobs by the time they leave.

For years, these three educational establishments have been working closely with industry, training people for jobs in specific areas, especially those with acute skill shortages.

The University and the Polytechnic, for example, are part of an organisation called HESIN (Higher Education Support for Industry in the North), which offers support to industry in High Technology areas.

This has helped make the region a world leader in fields such as industrial biotechnology.

Another initiative taken by Newcastle College, is to tackle the national shortage of engineers. It is supported in this by a number of major companies

in the region like Nissan, Vickers and the NEI Group.

Given these opportunities, it's hardly surprising new companies are moving to Newcastle. Companies like British Airways, Dunlop, Findus and AA Insurance

If you'd like more information, please telephone

Phil Payne on 091-261 7392, or you can write to him at: The Economic Development Unit, Newcastle City Council, Civic Centre, Newcastle upon Tyne NE1 8QN.



Services have all established themselves here in the last few years.

But they're not just finding highly skilled workers in Newcastle. They're finding it easy to get here as well.

By road we're on the intersection of the A1 and the A69. By rail we're bang in the middle of the east coast line, two hours from Edinburgh and less than three from London. By air we're only one hour away from London and within easy reach of every European capital from Newcastle International Airport. While in the city itself there's the Tyne and Wear Metro, the best Rapid Transit System in Europe, linking everything together.

In addition, we also have plenty of available office space, low house prices and some of the best cultural amenities anywhere in the country.

So if you're thinking about moving your company to a new area, think about moving it to Newcastle.

We've got everything a business could need. And to cap it all, we're the one place you can get the staff these days.

NEW BLOOD. NEW LIFE. NEWCASTLE.

Korea's high-speed train race begins

By John Ridding in Seoul

IT TAKES Mr Kim almost six hours to drive his Hyundai from Seoul to the south-western port of Pusan. If the traffic is bad, as it increasingly is, the 400km trip can take even longer.

The difficult journey between South Korea's two largest cities is symptomatic of the country's growing transport infrastructure. Road and rail links have lagged behind the rapid increase in transport demand which has been fuelled by the country's remarkable economic growth.

But Mr Kim's misery, combined with the Korean government's appetite for high technology, spells opportunity for the world's manufacturers of high-speed trains.

Over the next few weeks, the Korean government will issue requests for proposals to build a high-speed railway from Seoul to Pusan. For the consortium representing the French Train à Grand Vitesse (TGV), the Japanese Shinkansen and the German Inter-City Express (ICE), the race to prepare their bids is about to begin.

At stake are contracts for engineering and rolling stock worth between 10 and 20 per cent of the project's total cost of won 5.85 trillion (\$4.5bn). The winner of this neck-and-neck contest between the three heavyweights of the high-speed rolling stock will gain an advantage in an expanding international industry.

"Worldwide, public transportation is becoming more and more important. After a sleepy period there is a renaissance in rolling stock," says Mr Rainer Kahl, president of the South Korean operation of Siemens, the German consortium leader.

For the moment, however, the efforts of the rival consortia are focused on Korea, and the 410 mountainous kilometres which separate Seoul from Pusan. They will have three months to prepare their offers, although the lobbying is already underway.

The Japanese, who are considered joint favourites along with the French, are playing a low-profile game. Like the French, they have appointed a full-time embassy official to look after the project.

The Germans, by contrast, are leaving the contest to the private sector. But like the French and the Japanese, this includes some of the most powerful members of the nation's industry. As a result, the likes of Siemens and AEG will be competing against Mitsubishi and Marubeni and GEC-Alsthom and Sogea.

The winner will have to satisfy a host of technical criteria. Their trains must be able to



meet the demand of an estimated 180,000 passengers per day in the first year of operation and travel at average speeds of more than 240km per hour. They must provide assistance in financing the project and supply technology to Korean industry.

With a project of this size, political and broader economic factors will also play a part in the decision. Hence, Japan's large and growing trade surplus with Korea, may represent a disadvantage for the Shinkansen. At the same time, a desire to improve trade relations with the EC may benefit the TGV and ICE.

The honours are divided over performance. The TGV and the ICE are the more technologically advanced systems and can travel at 300km per hour, compared with the 270km per hour maximum speed of the Shinkansen. At the same time, the Shinkansen has greater capacity and is arguably better suited to South Korea's topography.

At least as important as the technology itself, is the degree to which the foreign consortia are willing to transfer it to Korean manufacturers.

The extent and terms of technology transfer are likely to be the most complex part of the contract award. Engineers from the TGV, ICE and Shinkansen consortia have already discussed areas of collaboration with potential Korean partners such as Hyundai Precision and Daewoo Heavy Industries. But there is, as yet, no Korean consortium with which the transfer of technology can be co-ordinated.

Given the speed of Korea's industrial development, by 1998 when the new trains are scheduled to start hurtling southwards down the tracks from Seoul to Pusan, this could mean that Koreans themselves will be bidding for the next generation of high-speed train contracts.

UK NEWS

Labour seeks conditions on tax breaks

By Stephen Fidler

THE opposition Labour Party yesterday urged that tax concessions on British banks' bad third world loans should only be granted when banks provide debt relief to the debtor country.

The four largest clearing banks last year claimed £1.5bn in tax relief against their bad loans to the third world, but are still claiming back the full amount of the debt from debtor countries, according to Ms Ann Clwyd, the party's spokesman on overseas development and cooperation told the Commons.

Mrs Clwyd said the proposal would cost the taxpayer nothing or could even save taxpayers' money, but would provide significant help for debtors.

In a debate following the formal introduction of new rules covering tax relief available to banks, Ms Ann Clwyd also called for new procedures to adjudicate on debts involving allegations of corruption.

The government's stated intention in introducing new tax relief proposals on third world debt was to reduce the uncertainties of the previous regime. The new rules will base tax relief largely on the Bank of England matrix, a yardstick used by the central bank to work out the appropriate level of provisions.

NEW PRIME MINISTER ADDRESSES PARTY

Major shifts agenda to finance new society

By Philip Stephens, Political Editor

INCOME tax cuts and further reductions in public spending are expected to be pushed from the top of the government's agenda following a pledge yesterday by Mr John Major to create a "genuinely compassionate" society.

In a speech which distanced him from the more uncompromising policies of his predecessor, Mrs Margaret Thatcher, he hinted also that the government would aim to provide further incentives to promote savings.

His attempts to mark out the Conservatives as standard bearers of an open, classless,

Britain were marred, however, by a continuing row over the selection of a black candidate to contest Cheltenham for the Tories in the next election.

The prime minister was obliged to disown publicly the allegedly racist remarks of Conservative party activists in Cheltenham who continued to protest yesterday at the selection of Mr John Taylor, a black barrister, as the candidate.

In his speech to Tory MPs, peers and officials in London, the new prime minister signalled that the defeat of inflation would remain at the centre of the government's

manifesto for the election due by mid-1992.

But in a statement of his philosophy that combined praise for Mrs Thatcher with further efforts to set out his own views, he indicated that he would adopt a much less abrasive approach to social issues.

Mr Major said that the Conservative emphasis on wealth creation and on competition had to form part of wider efforts to create a compassionate society.

In only a brief mention of tax policy, Mr Major said that the aim would be "continue to keep taxes low on families and

on business". That contrasted with the firm pledges given frequently by Mrs Thatcher to reduce further the level of income tax.

Mr Major's senior colleagues said that he remained committed to the eventual reduction of the basic rate of tax from 25p to 20p, but added that it was no longer high on the list of priorities.

A renewed commitment by the prime minister to "high quality" public services was seen as signal that the Treasury's aim of continual reductions in public spending as a share of national income would

be replaced by a more pragmatic policy of stabilisation.

For the third time within a week, he laid stress on the need to promote saving: to achieve both the social aim of providing families and individuals with independence, and the economic objective of generating funds for investment.

Mr Major used his only budget as chancellor to provide tax incentives for small savers and there is speculation a Westminster that Mr Norman Lamont, his successor, will build on those in his budget next March.

Race controversy, Page 12

State hospitals win right to control their finances

By Alan Pike, Social Affairs Correspondent

THE UK government yesterday gave approval for 56 hospitals and other health units control their own finances as self-governing trusts from April.

Mr William Waldegrave, health secretary, made it clear that it plans to extend self-government throughout the National Health Service (NHS). The finances of state-run hospitals are currently controlled by the government-appointed local health authorities.

Mr Waldegrave told MPs when announcing the first trusts that self-government was likely to become the "natural model" for units providing patient care. This was repeated by Mr

Duncan Nichol, NHS chief executive. He said the first trusts would set the precedent for the future. The speed would increase and the "programme become unstoppable" as other hospitals saw the success of the first trusts.

Trusts will be run by businesslike boards with a range of freedoms denied other hospitals, including the ability to set pay rates and raise capital.

In addition to the 56 trusts approved yesterday Mr Waldegrave is considering expressions of interest from 111 more hospitals and other units which may become trusts from April, 1992. Both the 56 and the 111 include not only

hospitals but a range of other NHS facilities like ambulance services, community health services and mental health units.

Trusts have proved one of the most controversial aspects of the government's forthcoming health reforms. Critics claim they will unbalance local health provision, and fear trust hospitals will pursue profitable activities rather than maintain comprehensive services.

The logic of the government's reforms - which involve separating the funding of health care from its provision - suggests, however, that hospi-

als and other units should operate at a distance from their purse-holding health authorities. It is on this basis that the government sees trusts as the model for the future.

There have been claims that some of the 56 units which will become self-governing in April do not have the managerial and financial expertise and stability to make a success of their new status.

Mr Robin Cook, the opposition Labour health spokesman, said: "There is to be no change in health policy. The NHS is no more safe in the hands of John Major than it was in the hands of Margaret Thatcher."

Labour launches attack over community charge



The government does not know how to reform the poll tax and is split on the issue, Mr Bryan Gould, (right) shadow environment secretary, claimed at a press conference yesterday. He said the planned review of the poll tax would be a "nightmare" for the Tories and for poll tax payers. Mr Gould and Mr David Blunkett, (left) opposition local government spokesman, said Mr Major had ruled out root and branch reform of the tax.

BRITAIN IN BRIEF

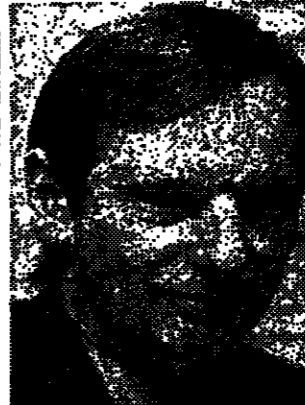


UK signals tough line over Emu

The government indicated that it would take a tough stance on European economic and monetary union (EMU) at the forthcoming inter-governmental conference in Rome with a strong attack on the imposition of a single currency at a London conference.

Mr Francis Maude, financial secretary to the Treasury, told the conference organised by the Centre for Policy Studies, the right-wing think tank, that a switch of prime minister would not result in any modification of official UK opposition to rapid progress of Emu.

The UK was "not prepared" to commit to a single currency which would lead to a "massive pooling of sovereignty." It would also lead to the loss of decision-making and monetary policy from London, he said.



Francis Maude: strongly opposes monetary union
"No one can say that will never happen, but we used to be persuaded that the advantages of the single currency are great enough to outweigh the disadvantages," he said.

Nissan accord may set trend

UK employees of Nissan have accepted a two year deal which will raise pay from January 1 by 10.5 per cent, the lowest increase among British car workers this year.

Nissan's deal, accepted in a ballot by 78 per cent of the workforce, is seen as a sign of downward pressure on UK pay after rises significantly above inflation at Ford, Vauxhall, Jaguar and Rover.

Sumitomo in £43m City deal

Sumitomo, Japanese trading company, is paying £43m to Wates City of London Properties for a half share in an office development at Vintners Place in the City.

British Gas break-up threat

British Gas has been threatened with break-up by the gas regulator unless the group surrendered 30 per cent of the industrial gas market by 1993.

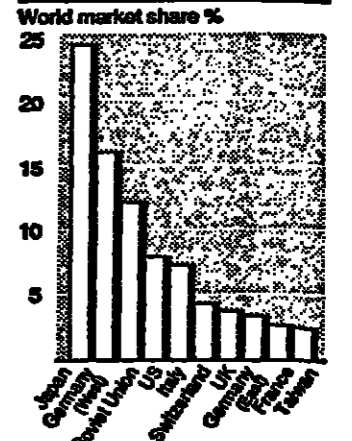
James McKinnon, director general of gas supply, who has become increasingly exasperated this year with the pace of competition in the gas industry, told a business audience in Birmingham, in the English Midlands, that a "strong kick" was needed to give competition greater momentum.

Machine tool specialisation

Moves towards the supply of niche markets with high-value products are critical for the survival of the UK machine tool industry, according to a report.

Working in the shadow of Japanese and German domination of the machine tool market and increasingly threatened by high-volume, low-cost manufacturers in South Korea and Taiwan,

Top 10 machine tool producers 1989



British producers face falling domestic demand as manufacturing investment sags.

The report, by Coopers & Lybrand Deloitte, consultants, and commissioned by the West Midlands Development Agency, urges British producers to associate with innovative companies in Switzerland and Italy. Coopers wants the companies to identify new market opportunities.

Reserves decline by \$85m in UK

The UK's underlying reserves of gold and foreign currency fell by \$85m last month, according to Treasury figures. They indicated the Bank of England had intervened on a small scale to prop up sterling on the foreign exchanges during the month.

The underlying rate followed a \$78m fall in October. The reserves now stand at \$28.47bn.

Brooke defends border closures

Northern Ireland Secretary Peter Brooke defended the night-time closure of four permanent army checkpoints on the border with the Irish Republic and refused to rule out the closure of further crossings in an effort to stop terrorism.



Peter Brooke: admitted disruption to local community IRA "human bomb" attacks, despite the disruption to the local community.

He was speaking after his recent decision to close border crossings in County Fermanagh during at dusk.

Tube reveille

London Underground is making early morning alarm calls to drivers' and guards' homes in an attempt to improve the Tube services.

The company said "the familiar voice" of depot managers was helping drivers and guards to get up on time but denied that there has been an absenteeism problem.

Can one company carry commuters to the City, and provide the computers they carry?

Toshiba know how important it is to the business person to have the information they require wherever they are and whenever they work. That's why we developed the TS200 - a portable computer with the 32-bit power of a desktop machine.

But Toshiba not only help you work at home

or in the office, they can also help you between the two. Toshiba have been constructing railway equipment such as control systems and motors since 1899.

The development of Toshiba's linear motor train can help passengers cut commuting time, thus leading the way in the creation

of superior technology for transportation worldwide.

Toshiba's commitment to our society has produced two very different products, both designed to help you get where you want to go.

As a leader in LSI technology, Toshiba have the ability to make both possible.

In Touch with Tomorrow
TOSHIBA

FOR FURTHER INFORMATION: TOSHIBA INFORMATION SYSTEMS (UK) LTD., TOSHIBA COURT, WYBRIDGE BUSINESS PARK, ADOLASTONE ROAD, WYBRIDGE, SURREY KT15 2UL, TEL: 0800 282207.

Handwritten signature or mark.

JP 11/12/50

WEDNESDAY DECEMBER 13 1990

Unions attack unity charge

Know how to return the poll tax... (text continues)

Machine tool specialisation

Moves towards the... (text continues)

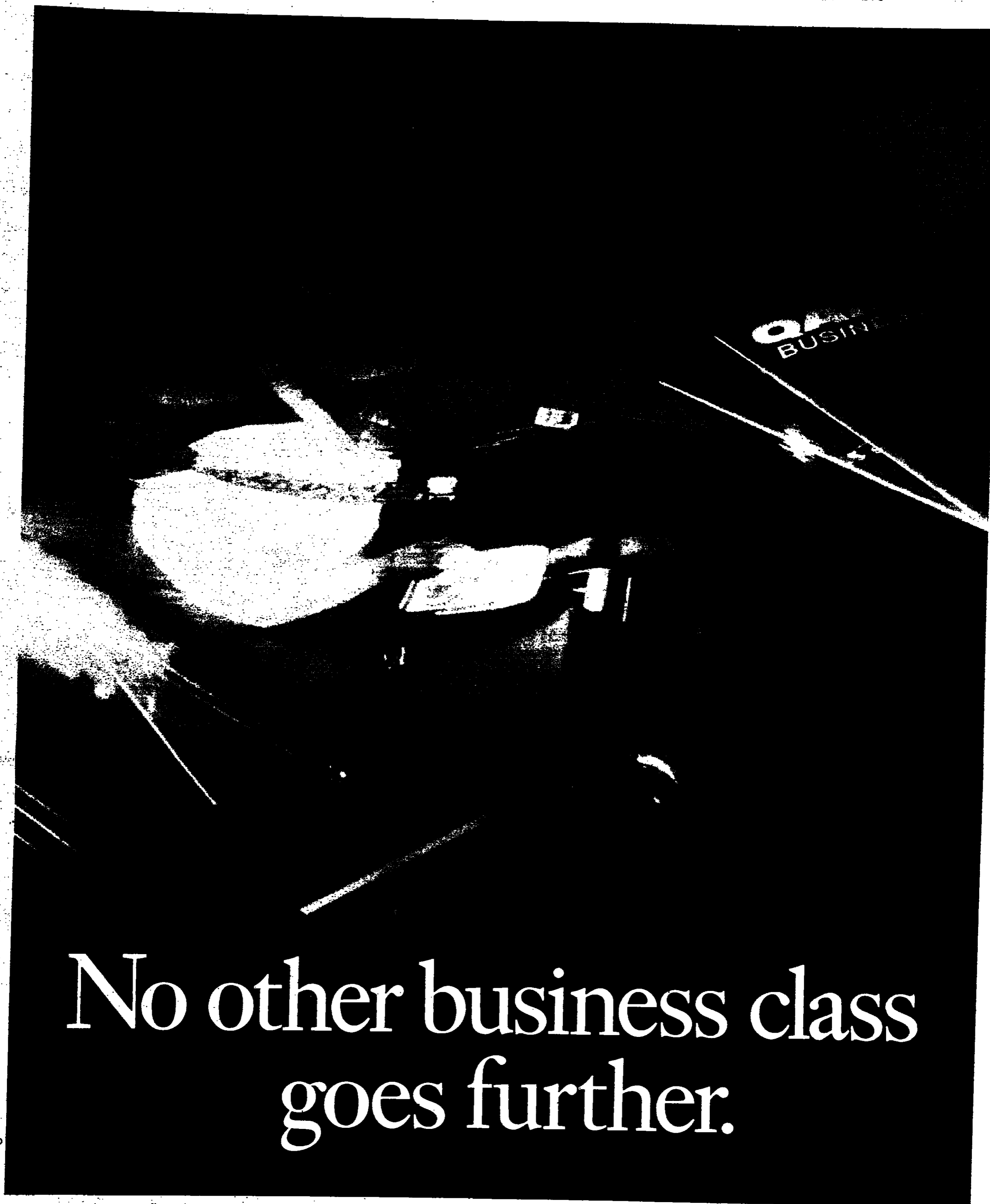
Top 10 machine tool producers 1989

Rank	Company	World market share %
1	Yamazaki	25.0
2	Fanuc	20.0
3	Okuma	15.0
4	Daewoo	12.0
5	Wieland	10.0
6	Walter	8.0
7	Wieland	7.0
8	Wieland	6.0
9	Wieland	5.0
10	Wieland	4.0

Reserves down by \$85m

Brooke deb order close

Tube...



No other business class goes further.

Qantas has been flying long distances far longer than any other airline.

Which has given us 70 years to perfect the additional comforts long flights demand. Take our new Business Class chair.

Not only is it wider, it reclines further and provides more leg room than the seat you may encounter in any lesser business class.

But then, as you'll find, when you're flying thousands of kilometres, a few more centimetres make all the difference.

So, when you next travel, choose the airline that takes service a little further. We think you'll find the flight seems comfortably shorter.

QANTAS The Spirit of Australia.

UK NEWS

Rising exports lead to recovery in car production

By Kevin Done, Motor Industry Correspondent

RISING EXPORTS have led to a significant recovery in UK car output despite the sharp fall in domestic sales. But the truck industry is suffering one of its steepest ever falls, according to official figures released yesterday.

Car output in the first nine months of 1990 was 6.1 per cent lower than a year ago, but production in the third quarter alone was 1.4 per cent higher than the corresponding period of 1989, according to provisional figures from the Central Statistical Office, output in October jumped 19.1 per cent.

Car output for export markets in October was more than double the level of a year ago, while production for the domestic market declined by 11.3 per cent.

Production is being boosted by rising output chiefly by Rover, Nissan - the Japanese manufacturer - and Vauxhall, a subsidiary of General Motors of the US.

For the first nine months, Rover car output was 12.3 per cent lower than a year ago, but in September production at 30,564 rose by 15.9 per cent from the corresponding month last year, according to figures from the Society of Motor Manufacturers and Traders.

Rover car output in the early months of the year was depressed by the changeover to two new model ranges, the Rover 200/400 and the new generation Metro.

Vauxhall car output in the first nine months was 15.4 per cent higher than a year ago, while in September alone production rose by 5.4 per cent.

The company is out-performing the weak UK domestic car market, but it has also begun to export significant volumes to continental European markets for the first time in a decade.

Output from Nissan's Sunderland assembly plant in north-east England was depressed in the first half of the year by the changeover of model generations from the Bluebird to the Primera, but production is recovering quickly.

Output for the first nine months at 42,224 was 20.5 per cent below last year, but it was 27.5 per cent higher in September. For the full year, Nissan says that production will be virtually unchanged at 76,000 compared with 77,000 in 1989. It is forecasting a jump in output next year by 45 per cent to 110,000 cars, helped by rising exports.

By contrast, Ford car output in the first nine months was 18.6 per cent lower than a year ago, while output in September dropped by 22.5 per cent.

The biggest impact of the recession in the UK new vehicle market has been felt by the truck industry, and several producers have been forced to halve output this year.

While overall output of commercial vehicles has fallen by 14.1 per cent in the first nine months, the smaller truck makers Seddon Atkinson, ERF, Foden, Renault Truck Industries and AWD have suffered falls in output ranging from 49 to 56 per cent, one of the steepest falls into recession the sector has ever experienced.

The two biggest truck makers, Leyland DAF and Iveco Ford, have suffered falls of 29 and 47.5 per cent respectively.

MANAGEMENT PAY

ICI to link staff salaries to environmental performance

By Diane Summers, Labour Staff

ICI, the chemicals conglomerate, is to be one of the first UK companies to link the pay of its managers to performance in meeting environmental targets. The targets will form part of a drive by the company to improve its environmental record.

For ICI's most senior managers, who are already paid wholly on the basis of performance, environmental issues will be moved to the top of their list of priorities. The company's eventual aim is for all white-collar workers' pay to reflect environmental performance. Negotiations with unions on the reform of pay structures are currently taking place.

The move forms part of a plan by ICI to double environmental spending to £1bn worldwide and reduce output of harmful wastes by at least 50 per cent over the next five years. Sir Denis Henderson, ICI's chairman, said recently that the aim was to make the

company's environmental performance "measurably better".

A number of other companies, particularly in the chemical and natural resource sectors, are also thought to be considering the introduction of environmental performance-related pay. The idea has already gained acceptance in the US: Exxon, the US oil company of which Esso is a subsidiary, set its managers extensive environmental targets after the public furor surrounding the 11m-gallon oil spill by the Exxon Valdez off Alaska last year.

Mr Vicky Wright, head of compensation practice at Hay management consultants, said that, while ICI appeared to be leading the field, a number of other organisations that Hay was working with were also looking at ways of linking company objectives more closely to performance management.

"Organisations are getting away from simple profit targets and are looking at issues

like the environment and developing customer relations," said Ms Wright.

Relating pay to environmental performance at ICI marks a "distinct change of emphasis," according to Mr John Coleman, group environmental affairs manager. Historically, safety, health and environmental targets have been grouped together, with safety "tending to predominate," he said.

Now ICI has decided to separate environmental from health and safety objectives and give them equal priority, said Mr Coleman. Broad corporate objectives on the environment are to be translated into targets for the company's individual businesses.

From there, the performance-related pay targets will "cascade downwards, in theory quite a long way," according to Mr Coleman. The company is currently reviewing ways of strengthening and extending its overall performance-related pay structure, he added.

Directors' earnings rise by 10.5%

By Simon Holberton

THE basic pay of executive directors in Britain rose by 10.5 per cent in the year to the end of September, compared with a rise in retail prices inflation of 10.9 per cent for the same period, according to a study published yesterday.

The study of almost 100,000 executives, which was carried out by the Reward Group pay consultancy, and conducted with the assistance of the Institute of Directors, showed that the pay of managing directors advanced 12.5 per cent during the year, while the remuneration for non-executive directors rose by 12.5 per cent.

"None of these figures relate to the selective sackings of executives which has led to a general view that all directors are lining their pockets while restraining their workers," the study observed.

It produced data to show that all levels of employee had received pay rises above the rate of growth of the retail prices index.

Over the five years to the end of September 1990, the retail prices index rose by 30.7

per cent, but in the same period average earnings had increased by 42.2 per cent, managers pay by 37.6 per cent, executive directors pay by 41.4 per cent and managing directors pay by 50 per cent.

The average pay of a UK director is £40,000 a year, consisting of £25,350 base pay and a bonus of £14,650, according to the study.

Directors' Remuneration 1989-1991, Reward Group, Diamond Way, Stone Business Park, Stone, Staffordshire, ST15 0SD. Tel: 0755-312565.

which allow you to expand its functions even further, to meet your specific needs.

Insert a 64Kb RAM card and you can expand the SF9500's memory to a massive 128K, and build a library of data files, which you can take with you wherever you go.

In addition a range of spell check cards offer an 87000 word dictionary and 42,000 word thesaurus, with financial/legal or medical term

options.

Furthermore, if you have one or more digital diaries you can exchange or transfer data. (Ideal for communicating with colleagues). You can also interface with certain PCs, which will serve as a back-up and allow you to build an entire network of information.

So at your next meeting carry your SF9500 and its pack of cards.

CASIO

IC CARD 64KB

CASIO SF9500. SHOWN ACTUAL SIZE. PRICE GUIDE £189.95.

ALSO AVAILABLE: SF4000 PRICE GUIDE £89.95, SF7000 (32Kb) PRICE GUIDE £119.95, SF7500 (64Kb) PRICE GUIDE £139.95, SF8000 (64Kb) PRICE GUIDE £159.95.

A SELECTION OF CASIO CALCULATORS IS AVAILABLE FROM: ARGOS, BOOTS, COMET, DIXONS, HARRODS, INDEX, JOHN LEWIS PARTNERSHIP, JOHN MENZIES, SELFLEDGES, W. H. SMITH. ALSO AVAILABLE FROM AMBERLEY ANITA BUSINESS SYSTEMS, BERRYS OF HOLBORN, C. BROOKS & CO. LTD., CLARKE STATIONERS, COLLINS, EDWARDS ELECTRONIC CENTRE, ELECTRA CENTRE, ERRORS OF BRADFORD, FAIRDEAL, G.A.H. DOUGLAS, GERRINGS, GEORGE WATSON, GODFREYS (BASILDON) H.N.C. ELECTRONICS, HEPFERS (CAMBRIDGE), J. & P. BEALS, J.H. CLARKE, JARROLD'S, JOHNSON & JOHNSON, K.K. STATIONERS, MARKHAM'S (COLCHESTER), MARE, OLYMPIC ELECTRONICS, PHOTO STEREO, RAMSONS, S.E.T. (CARDIFF) LTD., S. MAY LTD., SEARLE AUDIO, SUTTLES OF MALDEN, JAMES TEMPO ELECTRONICS, TINDALLS, TYPERWINTER CENTRES, WATCHDOG OF OULDFORD, WILDING OFFICE EQUIPMENT. SOME MODELS MAY NOT BE STOCKED BY ALL OUTLETS. PRICE GUIDES CORRECT AT TIME OF GOING TO PRESS. IEM IS A REGISTERED TRADEMARK OF INTERNATIONAL BUSINESS MACHINES CORP.

Black barrister tests the Tory's classless society



Kenneth Baker, home secretary, meets John Taylor, the prospective MP for Cheltenham

The spectre of racism has risen in the Tory held parliamentary seat of Cheltenham. Ralph Atkins on the emotions and motives of those involved

THE retired soldier, sipping his whisky in the Cheltenham Conservative Association's bar, wore a tweed jacket and a sardonic smile.

"The old colonels will be turning in their graves, twitching their mustaches," he said. The selection of Mr John Taylor, a black 38-year-old barrister, as the local parliamentary candidate has caused a ruction and rumpus in Cheltenham that many inhabitants - dead or alive - have not witnessed before.

Mr John Major, the new prime minister, aspires to a "classless society". Gentle, historic Cheltenham - retirement home for old warriors, Mecca of the middle classes - has spoilt his vision.

Angry Cheltenham people have demanded a re-run. Why didn't they choose a local man - or are they all too busy sending out raffle tickets to pensioners? complains a letter in the Gloucestershire Echo. Outright racist prejudice is bubbling below the surface.

Mrs Monica Drinkwater, party chairman, sitting in her study with the phone switched off, tried to appear unruffled. "It is a storm in a teacup," she insisted before diving off for more media interviews. In the Commons yesterday Mr Major repudiated racist attacks made on Mr Taylor saying during question time that such sentiments did not have "any place in our party".

Mr Taylor was chosen from 254 applicants for the Conservative-held seat. CV's were rigorously scrutinised; a short-list of 22 interviewed; a final four were grilled by the constituency executive committee. He won, becoming in the process the only black candidate so far chosen in a Tory-held seat.

He was an "outstanding candidate" supported by more than half the executive, said Mrs Drinkwater. "We would have been manufacturing a lie if we had put anyone else forward."

But when Mr Taylor was paraded before the whole party at the columned Queen's Hotel on Cheltenham's promenade, for his formal nomination, the executive committee was taken aback at the force of protest.

Most forthright and least ashamed to talk about race, was Mr Bill Galbraith, Conservative party member of 37 years standing. "For this town, a black man is not for us," he said yesterday, adding a complaint that out of 254 candidates, "they chose and fostered on us a black man."

His views sparked a sharp rebuke nationally and locally. "I apologise on behalf of the Cheltenham party," said Mrs Drinkwater. "You will always get, in any society, people whose vision does not extend beyond their noses," Mr Taylor told the BBC.

And others who are protesting against Mr Taylor's adoption have distanced themselves. "I'm crossing him off my mailing list," said Mr Colin Lear, a retired auctioneer from his neatly-kept house on the fringes of Cheltenham. "He is the nigger in the woodpile, if that is not a rather unfortunate phrase."

Mr Lear's objection is about the lack of choice the party was given and the threat of losing a seat where the retiring MP, had a majority of just 4,896 over the Liberal Democrats. "It wasn't anything to do with the man's colour. It was because he would lose the election," said Mr Lear.

He denied being a racist but said there are few "ethnics" living in the constituency. Adopting another unfortunate metaphor, he said: "You have got to have horses for courses. It is no good putting a nag in for a thoroughbred race."

Mr Major's classless society has little appeal for white-moustached Mr Lear, who served as a major for the territorial army in India.

"It should not be discussed even," he said. "Providing we all work well and save hard and are totally loyal to Great Britain - as most of us are - that is all we need to do..." The only classless society I know was Russia.

Cheltenham, with its grand regency architecture, pump room, and memorial to the South African wars at the turn of the century, seems an unlikely place for an uprising.

George III came to "take the waters" in 1788 and upstanding probity has been Cheltenham's unofficial motto ever since.

The town's ethnic population is tiny but hard to measure. A decade ago, 2,000 households (out of more than 80,000) were headed by someone born outside of the UK. That, ironically, would include the retired colonels who were born in India.

Mr Taylor - his critics complain - is an outsider from Birmingham. There is a groundswell which could see the required 50 signatures being collected for reconvening the adoption meeting.

Mrs Sheillah Grover, an 81-year-old widow, said his colour does not matter. "I don't care if he is yellow, pink or red. He doesn't know a damn thing about Cheltenham."

Mr Major gets a metaphorical clip around the ears for his ideology from Mrs Grover. A classless society? "That is ridiculous," she said, making clear she is "upper" class.

"I'm not racist. I have good friends of all classes, being Irish." People know their places, she maintained. "An old lady I know, she would not be the least bit happy to have dinner with me. She would be flummoxed."

Mr Roy Marchant, who runs a coach company, added: "I'm just speaking for what the majority of people, of all walks of life, think - they just want somebody they know something about. We have got some good material locally."

When the cards are on the table you'll have a valuable trick up your sleeve with the Casio SF9500.

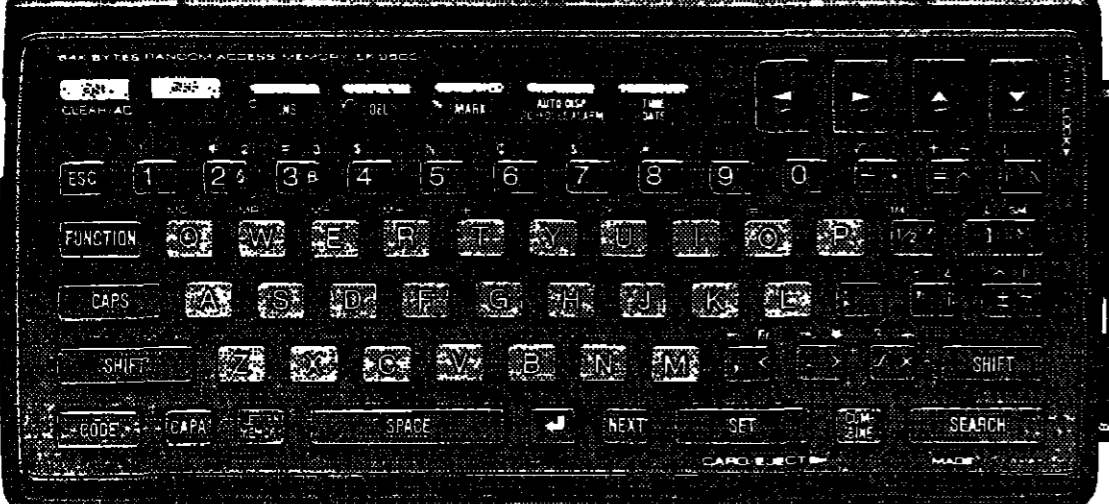
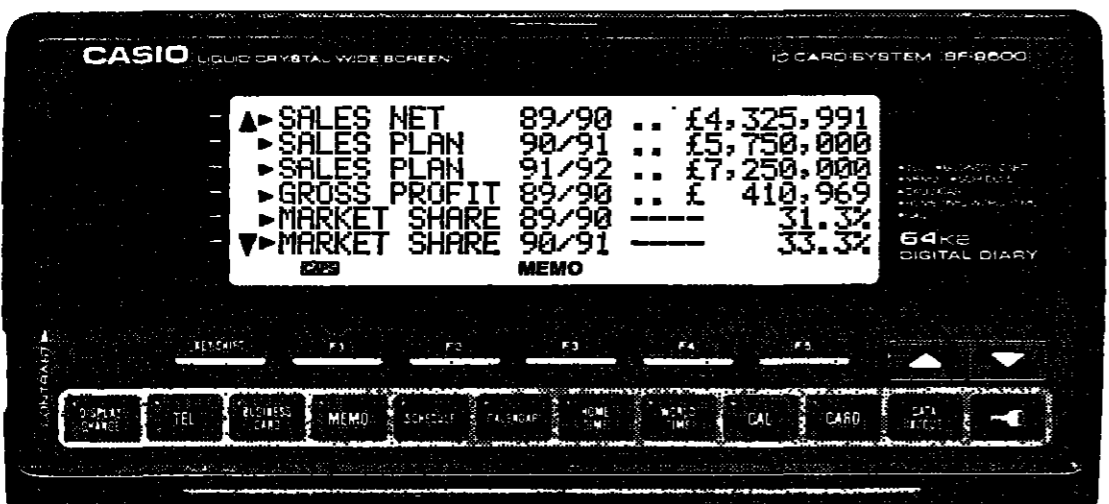
Small in size but with an impressive expandable 64Kb memory you'll have at your disposal a telephone directory, business card library, memo function, schedule keeper and a 199 year calendar.

You'll also have at your fingertips the time in over 126 major cities worldwide. And of course a calculator.

PULL OUT A TRUMP CARD AT YOUR NEXT MEETING

And rest assured the alarm function will conveniently remind you when your next

What you may be surprised to learn is that the SF9500 has a range of IC Cards,



ALSO AVAILABLE: SF4000 PRICE GUIDE £89.95, SF7000 (32Kb) PRICE GUIDE £119.95, SF7500 (64Kb) PRICE GUIDE £139.95, SF8000 (64Kb) PRICE GUIDE £159.95.

A SELECTION OF CASIO CALCULATORS IS AVAILABLE FROM: ARGOS, BOOTS, COMET, DIXONS, HARRODS, INDEX, JOHN LEWIS PARTNERSHIP, JOHN MENZIES, SELFLEDGES, W. H. SMITH. ALSO AVAILABLE FROM AMBERLEY ANITA BUSINESS SYSTEMS, BERRYS OF HOLBORN, C. BROOKS & CO. LTD., CLARKE STATIONERS, COLLINS, EDWARDS ELECTRONIC CENTRE, ELECTRA CENTRE, ERRORS OF BRADFORD, FAIRDEAL, G.A.H. DOUGLAS, GERRINGS, GEORGE WATSON, GODFREYS (BASILDON) H.N.C. ELECTRONICS, HEPFERS (CAMBRIDGE), J. & P. BEALS, J.H. CLARKE, JARROLD'S, JOHNSON & JOHNSON, K.K. STATIONERS, MARKHAM'S (COLCHESTER), MARE, OLYMPIC ELECTRONICS, PHOTO STEREO, RAMSONS, S.E.T. (CARDIFF) LTD., S. MAY LTD., SEARLE AUDIO, SUTTLES OF MALDEN, JAMES TEMPO ELECTRONICS, TINDALLS, TYPERWINTER CENTRES, WATCHDOG OF OULDFORD, WILDING OFFICE EQUIPMENT. SOME MODELS MAY NOT BE STOCKED BY ALL OUTLETS. PRICE GUIDES CORRECT AT TIME OF GOING TO PRESS. IEM IS A REGISTERED TRADEMARK OF INTERNATIONAL BUSINESS MACHINES CORP.

JP 11/10/90

FT LAW REPORTS

Good faith is required by companies on pension increase

IMPERIAL GROUP PENSION TRUST LTD
Chancery Division: Sir Nicolas Browne-Wilkinson vice-chancellor
December 3 1990

AN EMPLOYER company whose consent is required for an increase in benefits under an employee contributory pension scheme, can only withhold its consent if it does so in good faith. And consent is not withheld in good faith if the only reason for withholding it is to put pressure on members to transfer to another scheme offering inflation-related increases, under which their existing entitlement to surplus would be transferred to the company.

The vice-chancellor so held when giving reasons for his decision on a summons by the trustees and management committee of the Imperial Group Pension Trust Ltd against the employer company, Imperial Tobacco Ltd, as to whether the company's consent was essential to an increase in pension benefits. In the absence of investigation of the facts the court was not in a position to decide whether the company had or had not acted in good faith in withholding its consent.

HIS LORDSHIP said that the Imperial Tobacco pension scheme was established by trust deed in 1929 to provide

pensions for employees of the company. It was managed by a committee of employees.

The scheme was contributory. Members had to contribute annually. The company was bound to pay such sums as the actuary might certify were necessary to make the fund actuarially solvent.

Until 1985 the Rules made under the trust deed did not expressly provide for increase in benefits. In practice from 1970 to 1985 increases were given at or at less than the rate of increase in the Retail Price Index (RPI). The increases were made under clause 36 of the Rules which provided that the committee might, "with the consent in writing of the company", alter or modify the deed or Rules.

In 1985 a takeover bid by Hanson for the company was imminent. The committee made amendments to the trust deed and Rules to discourage the bid, and to improve existing members' rights. The first amendment provided for automatic closure of the fund to new members in the event of any party acquiring control of Imperial Group; and the second introduced a new rule, 64A, by which pensions should be increased by at least the lesser of (a) 5 per cent and (b) the RPI increase.

The Hanson bid succeeded on April 18 1986. The fund was closed automatically. Under the trust deed, on determination of the fund, sur-

plus was applied for the benefit of members. Funds did not revert to the company.

Since the takeover the fund had been in actuarial surplus. The actuary had not called on the company to make further contributions. The minimum surplus was £180m. Although the company had had a contribution holiday, the serving employees had been bound to continue to make contributions to the fund.

In 1986, 1987 and 1988 the increase in the RPI was less than 5 per cent. Therefore, under rule 64A, pension benefits were increased by an amount equal to the increase in the RPI. In 1989 the RPI increased by 8 per cent. The company agreed an increase of 7 per cent in the pension benefits.

Following the takeover the committee sought assurance that Hanson would continue to observe the previous practice of increasing pensions in line with retail prices. As the committee understood the position, the company announced it would not agree to any further increase over that guaranteed by Rule 64A, i.e. inflation linking up to 5 per cent. That remained the committee's understanding down to the second day of the hearing in the present proceedings, when counsel for the company stated that that was not the true position.

The company inaugurated a new scheme, the Retirement

Benefit Scheme (RBS), for new employees. The RBS management committee consisted of the same people as the fund management committee. The RBS was a non-contributory scheme.

The company indicated it was prepared under the RBS to guarantee annual pension increases equal to the lesser of 15 per cent and the RPI increase. It proposed to give the opportunity to fund members to transfer membership to the RBS. Given the committee's understanding that no increases above 5 per cent would ever be agreed under the fund, it recommended transfer.

A substantial number of fund members opted to transfer. Under the transfer arrangements they would take with them an aliquot share of the fund, including their share of the surplus. If there were to be a 100 per cent acceptance of the proposal, the whole fund including surplus would go over to the RBS.

Under the RBS scheme any surplus was returned to the company.

The question was whether the committee had no power without the company's consent to increase the benefits above the guaranteed minimum of 5 per cent.

Clause 36 contained no express limitation on the company's right to give or withhold consent.

The consideration which an employee received in return for the rendering of services. The company was not conferring a bounty. The scheme fell to be interpreted against the background of employment.

In every contract of employment there was a term that the employers would not, without reasonable and proper cause, conduct themselves in a manner calculated or likely to destroy or seriously damage the relationship of confidence and trust between employer and employee (Woods (1987) 111 LLR 347). That was the "implied obligation of good faith".

Construed against the background of the contract of employment, the pension trust deed and Rules were impliedly subject to the limitation that the company's rights and powers could only be exercised in accordance with the implied obligation of good faith.

The right to give or withhold consent was therefore subject to the implied limitation that it should not be exercised so as to destroy or seriously damage the relationship of confidence and trust between the company and its employees and former employees.

The facts had not been investigated before the court and were not common ground. It gave such indication as it could on hypothetical and unproved facts, as to the effect of the obligation of good faith on the company's power to

withhold consent.

First, the question was not whether the company was acting reasonably. It must be open to the company to look after its own interests financially and otherwise in future operations of the scheme in deciding whether or not to give its consent.

However, the obligation of good faith did require that the company should exercise its rights (a) with a view to the efficient running of the scheme; and (b) not for the collateral purpose of forcing members to give up their accrued rights in the existing fund subject to the scheme.

As to (a), it would be a breach of the obligation of good faith if the company were to say that it would never consider whether or not to consent to an amendment increasing benefits. A blanket refusal to consider amendments beneficial to employees and acceptable for the last 20 years was plainly calculated to undermine employees' trust in their employer. Good faith required the company to consider the proposals each time they were made, in the light of existing circumstances.

As to (b), the obligation of good faith required that the company should not exercise its rights for the purpose of coercing a closed class of employees to give up its rights under the existing trust. The duty of good faith required the company to preserve its

employees' rights and pensions fund, not to destroy them.

Why was the company seeking to induce members to give up their rights and transfer to RBS rather than consent to alteration of the fund Rules? The court asked that question of counsel for the company on a number of occasions, but received no answer.

IMPAC, the pensioners' association, suspected that the only reason the benefits were not being provided in the fund (as opposed to the RBS) was the company's wish to transfer surplus to which members were currently entitled, to the RBS where it would belong to the company.

In the absence of any other explanation that was a fair inference.

If correct, it indicated that the company was using its right to withhold consent, not for the purpose of continuing to use assets exclusively for pensions, but for some other collateral purpose. If so, the company would be acting unlawfully.

For the company: John Mowbray QC and John Stephens (Nabarro Nathanson).
For the trustees: Jules Sher QC (Osborne Clarke).
For pensioners: Patrick Howell QC and Sarah Asplin (Evershed Wells & Hind).
For employees: Geoffrey Toham (Towells).

Rachel Davies
Barrister

THE FT EUROPEAN 500 SURVEY

The Financial Times proposes to publish the above survey on

Tuesday 8th January 1991

For advertisement details and positions please telephone

David Reed on 071-873 3461

FT SURVEYS

BERLITZ

The language of international business isn't English... it's the language of your customer. Prepare for 1992 now.

Communicate in your customer's language and call Berlitz today on:

071-580 6482	London
021-643 4334	Birmingham
031-226 7198	Edinburgh
061-228 3607	Manchester
0532-435536	Leeds

FAST AND EFFECTIVE
Courses are tailor-made to meet the particular needs and schedules of both you and your company.

Some business travellers will change neither hotel nor newspaper. That's why they are particularly happy to find complimentary copies of the Financial Times at the following hotels in Nice: Sofitel Splendid, Westminster Concorde, Mériدين, Novotel Cap 3000, La Malmaison, Arcadie, Hotel West End, Hotel Pullman, Hotel Elysee Palace, Beau Rivage Hotel, Novotel Acropolis.

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

Your money can now earn up to

12.375 % PA

with Lombard

If you have £1,000 or more to invest your money could be earning a handsome 12.375% pa in a Lombard One Year Fixed Account. The rate is fixed and guaranteed not to change during the period of the deposit. Interest is paid as a lump sum at the end of the period.

Or perhaps you would prefer to have your savings more readily available. Our 14 days notice account, minimum £5,000, pays an attractive variable rate, currently 12.375% pa, credited quarterly, equivalent to a compound annual rate of 12.961%.

Whatever your needs there is sure to be a Lombard account from our comprehensive range of sterling savings and deposit accounts to meet your requirements.

Don't miss this opportunity to put your money to work - write now for a copy of the Lombard Savers & Investors brochure No. 1287 or simply complete and post the coupon.

As an additional benefit for overseas residents all interest is paid without deduction of tax.

Rates are correct at time of going to press.

Lombard
The Complete Finance Service

Deposit Accounts

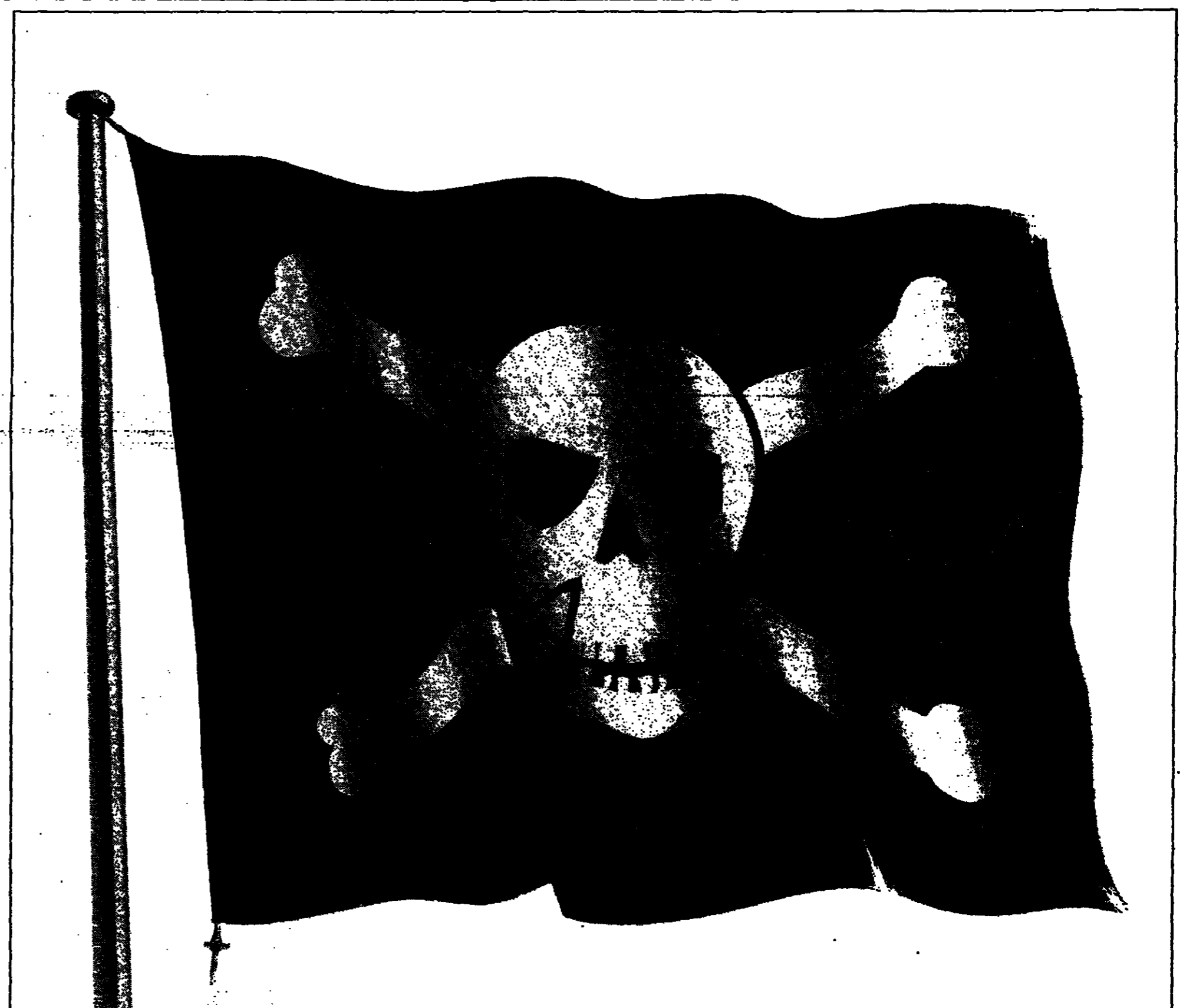
To: Stephen Carter, Lombard North Central PLC,
Banking Services Department, 1207, 28a Curzon St.,
London W1A 1SL England. Tel: 0737 778881

Please send me without any obligation a copy of your Savers and Investors brochure and current rates. (PLEASE WRITE IN CAPITAL LETTERS)

NAME (in block letters) _____

ADDRESS _____

Registered in England No. 337004. Registered Office: Lombard House,
2 Prince Consort Road, Surrey RH1 1NR England.
A member of the National Westminster Bank Group whose capital and reserves exceed £5,000,000,000



Is moving money overseas costing your company too much?

If you regularly transfer money abroad, steer a course for Girobank.

You'll find our international Giro network very straightforward.

It's so efficient that it allows us to charge less than the high street banks.

Considerably less in the case of large transfers because we operate on a flat fee basis.

One payment regardless of the amount sent or received.

Bank queues will also become shorter. Because you won't be in them. Girobank transfers can be arranged by phone, mail or fax. So, unlike most banks, there's no monotonous form filling.

Not surprisingly, our system is one of the most popular ways of transferring money around the world.

Once you've tried it, anything else will seem like daylight piracy.

If you'd like to know more, fill in the coupon, or call us free on 0800 444 241. Anytime.

To: Girobank plc, FREEPOST CV 1037, Stratford-upon-Avon, Warwickshire CV37 0BR. PFF172

Name _____ (PLEASE CAPITALISE PLEASE)

Title _____

Company Name _____

Address _____

Postcode _____

Telephone _____

Do you import? ☐ Export? ☐ (PLEASE TICK BOX)

Annual value of international business £ _____

Girobank
BUSINESS BANKING

GIROBANK PLC, 10 MILK STREET, LONDON EC2V 8JH. REG. NO. 1354009.

MANAGEMENT

Doing business in South Korea

'Head office can't help; you are on your own'

John Ridding offers guidance on a dynamic economy but which has often bewildering customs and culture

All foreign countries are unique, says the manager of a UK manufacturing company, "but Korea is a little more so."

His sentiment is echoed across a foreign business community attracted by the potential of one of the world's most dynamic economies but often frustrated by the peculiarities of the market. In few other countries do regulations, customs and business culture present a greater challenge.

Over the past few years, the amount of direct foreign investment has been falling. The number of new projects in 1987 was 363, compared with 208 in the first nine months of 1990. The value of new projects has decreased more sharply, from \$1.3bn in 1988 to a mere \$830m up to October this year.

Such statistics reflect a shift, rather than a decline, in the appeal of the market. The rapid rise in wages since the introduction of democracy in 1987 has transformed the economy from its cheap labour status, while fuelling a domestic consumer boom. For labour-intensive industries Korea now holds little attraction.

At the same time, however, the rise in per capita incomes to a current level of about \$5000, the prospect of further rapid growth, and the remarkable development of Korea's industrial base all provide compelling attractions for international producers of consumer and industrial products.

But whatever the motivation for investing in Korea, all incoming companies are faced with a series of difficulties.

Potential pitfalls emerge almost as soon as the foreign businessman arrives at Kimpo airport. "Most foreigners come here for the first time and are bewildered by Seoul. The language is strange, and so are the customs. If they manage to find someone who speaks English and is helpful then they tend to hang on to him for all he is worth," says Paul Ridding, general manager for SmithKline Beecham in Korea.

Such dependence, however, makes it difficult to search for the best business partner and means the foreign businessman may receive only selective information from his Korean contact. "I have seen this happen time and time again," says Ridding, who urges prospective investors to use the foreign chambers of commerce.

But even with good information, the next batch of problems is much less tractable. In particular, the type of investment, the group's strategy for the market and how best to achieve it, are managerial problems which are all magnified in the Korean context.

As the market becomes less regulated, choosing between a joint venture, a 100 per cent owned company, a branch office, or a licensing agreement, becomes crucial.

The advantages of a joint venture stem from the practical benefits of a Korean partner and regulations which limit the economic activity of foreigners. In theory, the foreign partner supplies the capital equipment, technologies and products, while the Korean partner supplies the working capital, land and employees.

In practice, the link-up is rarely so smooth. "A joint venture is like a marriage," says Marvin Winslip, chairman of Dongbu Aetna, a US-Korean insurance joint venture. "It takes a lot of effort."

Alan Plumb, director of merchant banking for Standard Chartered in Seoul, agrees. "Perhaps one in 50 gets to the stage of a well-formed joint venture with harmonious relations and sound finances."

One of the most common sources of tension is the issue of management control. "In my opinion it is worthless to discuss whether you should hold 50 or 60 per cent of the equity in a joint venture," says Ridding. "Few people fully appreciate just how important personal contacts are in Korea." "Once your partner has 10 per cent he is already determining decisions."

This implies a need for flexi-

bility. "When you make a joint venture, you have to accept a Koreanised company. It may take a bit longer to get the best performance and modernise the organisation, but in the long term this is the best way for a business to survive," argues Arnaud Le Bec, who runs a joint venture for Valeo, the French components group.

What this means is that the hard work really starts after the joint venture contract has been signed. "The contract is very important for things like export rights and protection of technology. But in terms of management, forget it," says Le Bec. "Whatever you say will be renegotiated day after day until you find a proper balance. Head office can't help you, you are on your own."

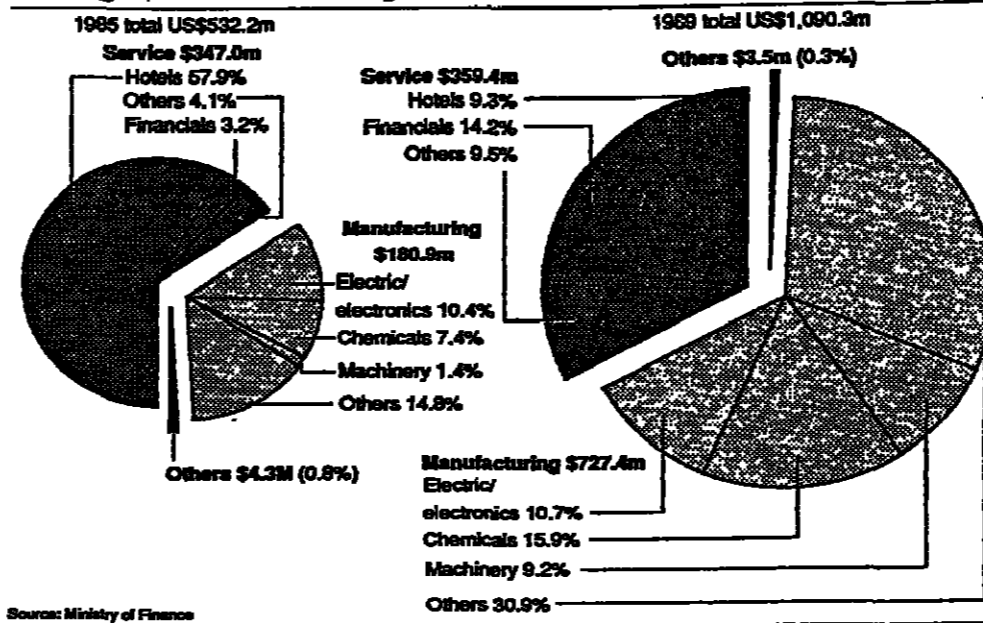
Despite the problems connected with joint ventures, they have several advantages over wholly owned, independent operations. In particular, a Korean partner is often valuable in securing finance - a notorious problem in the country's tightly regulated capital markets. "For a foreign company without a domestic shareholder, it is almost impossible to raise money," says Plumb.

This problem is particularly serious given the difficulty - often impossibility - of bringing in capital from overseas. As a result, many companies find themselves living hand to mouth, using short-term loans with interest rates in the region of 20 per cent, just to keep the business running.

"In Europe, bankers are very polite, particularly if you want to borrow money," says Kehl. "Here you must give presents to a bank director so he is willing to give you a loan."

The contacts necessary to raise finance are also important in activities ranging from the purchase of land to the marketing and distribution of products. "Few people fully appreciate just how important personal contacts are in Korea," says Ridding. "We think in the UK that we know about the old boy network, but it is nothing compared with here."

Foreign investments by industries



Source: Ministry of Finance

For companies with experience in Korea, however, the relative attraction of joint ventures and wholly owned operations may shift towards the latter. "If you ask me today I would not automatically recommend a joint venture," says Kehl, whose company has three joint ventures and a wholly owned business there.

The easing of investment restrictions in several industrial sectors means that a wholly owned company is becoming more feasible. Last year, for example, the pharmaceutical sector was opened to 100 per cent foreign investment.

At the opposite end of the scale, in terms of investment in the Korean market, is the licensing agreement. The advantages are that a company can keep a very small presence in Korea, avoid problems of hiring staff and reduce administrative costs.

But as with joint ventures, licensing agreements provide limited control. "It is absolutely clear to me that it is impossible to control adequately the marketing and the sales effort of one's product through the licensing route," says Ridding. "The licensee has a portfolio which includes a range of other items and you get the situation where you are not only competing with other companies but also internally with the licensee."

Whatever the form of investment, however, there is a range of common obstacles. One of the most frequent com-

plaints is the protracted process necessary to get things done.

It is impossible just to ring up the person you want to do business with. An introduction by a mutual contact is a necessary first step, usually followed by a series of meetings in which tea drinking and pleasantries figure larger than business.

There is also the problem that once an agreement is reached at a working level it will mean nothing unless approved by the chairman. Many Korean companies remain highly centralised with all decisions vested in one man.

Protection of technologies and know-how is another headache. In the early 1970s the importation of Beecham's leading antibiotic was banned when a domestic company acquired the expertise to produce it locally. Other pharmaceutical companies have suffered similar setbacks.

There has been substantial improvement. Legislation passed in 1987 extends patent protection to products as well as processes. US companies even enjoy retrospective protection. But the long lead time for new pharmaceutical products means the new legislation has yet to be tested. At the same time, how to prevent valuable expertise from falling into the hands of potential competitors remains an important question across the range of foreign investments.

Arguably the biggest challenge facing the foreign investor lies in the field of industrial relations.

Horror stories abound - but the situation has improved since 1987 and 1988, when the introduction of democracy prompted the release of long pent-up labour demands. But it is by no means resolved.

This year has seen difficult disputes at American Express and several European banks. The high rate of inflation has managers fearing that 1991 could be even worse.

"There has traditionally been a very deep gap between management and labour. In addition, Korean workers are very emotional," says Kehl, who has been taken hostage three times and had his offices occupied by striking workers.

"Both sides had to learn," he says. "The unions had to learn what is possible in terms of wage and other demands, and we had to learn that the old times of the Sahib have gone. Anyone who recommends that you put pressure on your workers and behave like soldiers is absolutely wrong," argues Kehl.

The bright side of the labour disputes is that even in the most violent and emotional cases, antagonism can quickly die down. "After all the trouble was finished, they forgot about it and I am still the nice guy," says Kehl.

Previous articles in this series were published on July 27 (Italy), October 10 (France) and November 9 (Saudi Arabia).

When nationality does matter

By Christopher Lorenz

The need to preserve national ownership is a "macho" consideration which should not enter business decisions. So says Sir Arthur Walsh, the chairman of STC, Britain's last large independent telecommunications manufacturer, in the process of being sold to Northern Telecom (Nortel) of Canada.

Arthur is not alone in this opinion. It is shared by many financiers, academics and members of the Thatcher government. Two years ago Kenneth Clarke, then Industry Minister, declared that to argue about the nationality of a company is "chauvinistic nonsense".

Not always. In STC's case, Sir Arthur is certainly correct - as he probably was over last week's sale of ICL, STC's computer offshoot, to Fujitsu of Japan.

It has been clear for at least 15 years, even before the liberalisation of national telecommunications markets began, that the number of world telecom manufacturers would have to shrink sharply. It has been equally evident that no British company had the remotest chance of becoming a major player.

So a foreign takeover of STC was overdue - whether by Nortel, France's Alcatel, or anyone else. The situation became acute after ICL decided that its future lay in the arms of its long-standing Japanese partner, and threw up its hands at the truculence of its fellow European computer companies over the terms of any purely Euro-solution.

The only home-grown alternative for the residue of STC would have been to follow Rover into the lap of a conglomerate parent, such as British Aerospace. This would have lacked industrial logic.

As with Thorn's sale last month of its lamp business to General Electric of America, the first question for the board of any company prey to a bid should be whether it has any real chance of becoming either a global leader in its industry, or of sustaining a position as either a local or a regional player - something which is becoming increasingly difficult if not, the issue becomes which acquirer, regardless of

nationality, would best serve the future interests of the company and its stakeholders. This is not only a question of which bid best suits the shareholder's short-term interest, but also which will best sustain and increase the company's competitive advantage.

Closely associated with the last point is what one might call the *quality* of the respective bids. In terms of the degree of skill intensity, high value-adding jobs and decision-making power which the acquired company will be allowed to have over its own affairs, and even over part of the acquirer's business.

This was a major factor in one of the most controversial battles for ownership of a British company, the Rowntree saga of 1988. A merger with the UK's other big confectionery company, Cadbury-Schweppes, was out of the question on monopoly grounds, and in any case would not necessarily have been the best strategic outcome - "national champion" solutions seldom are.

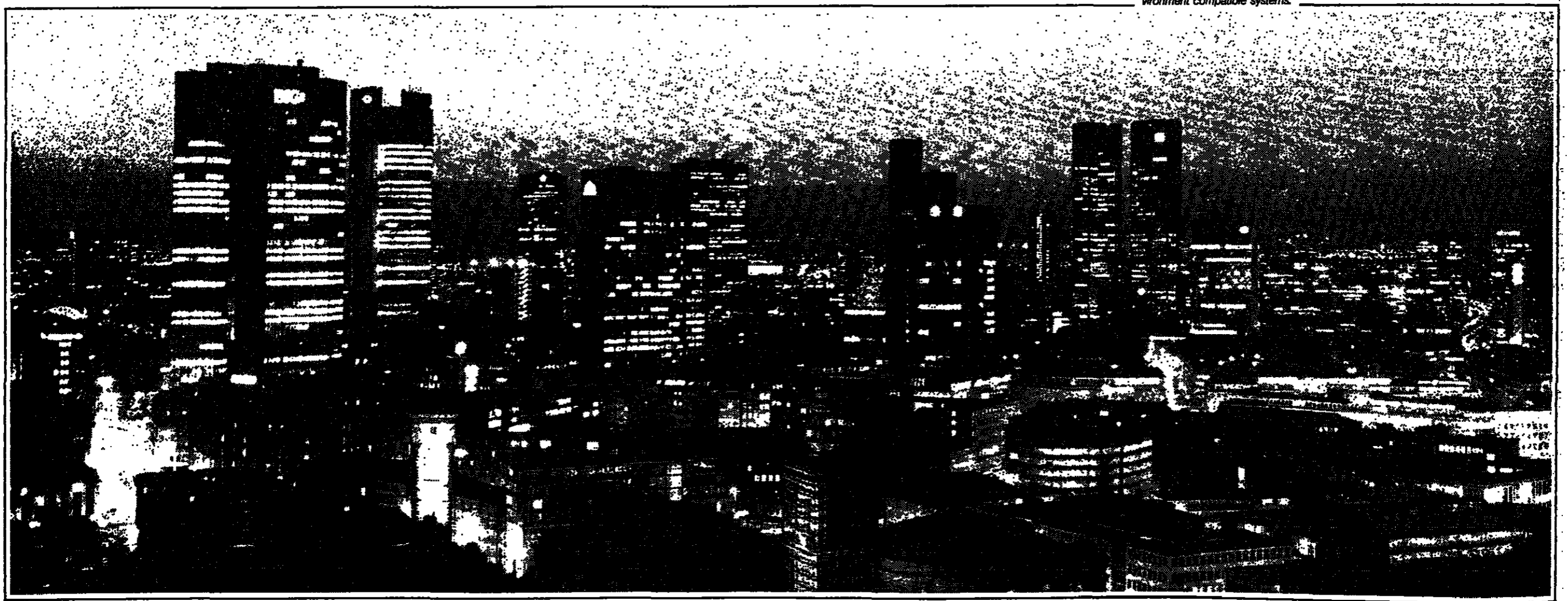
So the battle was fought between two Swiss companies, Nestlé and Jacobs-Suchard. Nestlé, the eventual winner, offered the higher "quality" prospect for Rowntree, since the latter's relatively discrete product line not only gave it some protection against having key activities and responsibilities transferred to Switzerland, but actually prompted some transfer to the UK.

What Nestlé was giving Rowntree was a share in the "headquarters effect" which many multinationals still confine to their main national base. Fujitsu has committed itself to treating ICL's software activities in similar fashion. It is in its interest to do so, for both technical and political reasons.

Nortel shows signs of doing the same with STC's transmission business - though such commitments from North American companies are still unusual, and their longevity sometimes doubtful; a "branch plant" attitude to "offshore" operations remains the US norm.

Nationality may be highly relevant, in other words. It all depends on the companies and the circumstances involved.

City of Frankfurt during a power failure.



AEG secures power supply with its intelligent and environment compatible systems.

The lights are on, lifts are working, computers are calculating and people are at work in hospitals.

How is this possible? Because AEG's highly responsive systems, developed with the aid

of modern technology and human intelligence, react immediately when needed to ensure a constant power supply.

Uninterrupted power supply is a vital support for the modern way of life. But in times of

growing resource and environmental problems it is essential that available energy is used and distributed as efficiently as possible.

AEG's technical staff makes full use of the manifold applica-

tions of microprocessors, optical fibre cables and integrated control equipment. A wide range of installations, products and systems is designed in modern plants for an effective power distribution and an

economical use of resources. AEG's experience thus guarantees that the availability of energy can be relied upon at all times.

Future is redefining energy.

AEG Member of the Daimler-Benz Group.

AEG

ARTS



Game for a laugh: compères Jeremy Beadle, Cilla Black and Bruce Forsyth (with Rosemary Ford)

TELEVISION

Glued to glorified parlour games

Dear Mother and Father, How is life on the island? Much as ever, I expect. Down here in London things seem a bit muddled, rather like something out of our old Saturday night film shows. Since I last wrote I've been watching a lot of television, making up for a lifetime without it, I suppose. The odd thing is, when I tell people that we've never had television on our island, because we can't get the signal, they all say "Oh aren't you lucky? But when I visit them they are always watching it. Very often they don't switch off when I arrive, so they can see me on the screen."

You wouldn't believe how wrong we were about what television must be like. You remember how Father used to read out those bits from the paper and we used to say "But you want all that sex and violence?" well the thing is, there's not really all that much of it on the box (that's what they call it). It's hard to believe, but the most common sort of programme is what Granny calls a parlour game.

There's one channel called BBC2 where you don't find too many of them, but everywhere else, including the new satellite channels, (especially the satellite channels, actually, judging from my stay with Auntie Muriel) you find groups of people playing these amazingly simple games, morning, noon and night. Some of them are just like the ones we've always played: charades, for instance (they call it *Clue Us A Cue*) and even *Trivial Pursuit*. They've just started that and it's exactly like playing at home except that the time I watched, three competitors out of the four were absolute dunceheads. They got fewer answers right than we Hannah. Has he started school yet? The chairman is a comedian

who, I'm sorry to tell you, is called Rory McGrath - nearly all the chairman are comedians - and he was obviously pretty embarrassed about doing such a silly job. (See the thing I'm picking up, I nearly wrote "less answers" just now because that's what everyone says down here). But then even he didn't know the date of the Reform Bill. None of them did that's English education for you!

The surprising thing about *Trivial Pursuit* is that although having the name on television provides such wonderful advertising for the game you buy in the shops, it's being shown by the BBC. When you come down to it, of course, it's just another quiz, but that's all that most of these game shows are, really. Some of them are specialised, such as *A Question Of Sport* which is another BBC programme, and a new one called *Eye 2 Eye* which has just started on Channel 4.

It is about design, and the competitors on the opening programme were supposed to be "experts" but you would never have guessed. In the first round they were meant to identify world-famous company logos, starting with just a little bit of the design, being shown more if they failed. I got all but one from just the first bit, but the people on the show were hopeless. The artist Peter Blake couldn't recognise the Mercedes Benz sign even after they'd shown him the whole of it and told him what it was.

Most of the quizzes aren't specialised, though, they just ask general knowledge questions. One or two take it fairly seriously and cram in lots of questions. *Fifteen To One* for example which is played every weekday afternoon on Channel 4. On this they read out the names of the 15 contestants very quickly and then it's questions, questions, questions

from a presenter named William G. Stewart. According to Uncle Ian he used to be the producer of some famous game show called *The Price Is Right*.

Some of his questions I couldn't answer. "Which fast car takes its name from the Greek for 'hidden'?" and "Where are the headquarters of the Surrey County Cricket Club?" But he also asks simple things like "What does GNP stand for?" and "How many fiddlers did Old King Cole call for?" Do you know, none of the competitors could tell him which Greek God Mercator put on the title page of his map book. I wonder if they know what a book of maps is called.

There seems to be an inverse ratio between the seriousness of the quiz show and the value of the prize. In the most serious of all, *Mastermind*, where you have to get through unpenetrated rounds and have a mind like Whitaker's Almanac, the winner gets a glass fruit dish. But in something like *Strike It Lucky* (where you have to say which of the following words means an arrow case: cochineal, Tolstoy, polonaise, quiver, supervia) you can win up to £3,000 in a single half-hour show.

Ami Morag was saying that giving away all those prizes must make the programmes terribly expensive, but Uncle Ian said that, considering the sort of audiences they attract, £3,000 was nothing. If you can believe it, he says that the cost of a game show is not the prizes but the cost of the programme. The BBC showed earlier this year (that did have a bit of sex in it, they say) now costs more than £300,000.

The other fact you notice when you start watching lots of these game shows is that really there are also chat shows. We've read all about those, you remember, and usually they're full of famous people - writ-

ers, film stars and so on. The thing about the game shows is that they are the only places on television where you see ordinary people chatting about their lives. This can take up more than a third of the programme, and they often have "ad lib" which end in a joke of some sort and are awfully embarrassing because you can tell how hard they have rehearsed them.

The most important thing about the competitors is not that they are clever (I suppose the producers reject clever people in case they make the viewers feel stupid) but that they're "good sports", in other words that they'll laugh when they are made to look foolish. This is even more important, in fact it is the central element, in another sort of programme, very like the game shows but even more popular. There's one called *Bruce Forsyth's Generation Game* and another called *Beadle's Band*.

Both these specialise in making people look silly. In *The Generation Game* the principle is exactly the same as *Granny's* old party trick with the two plates where she gets the guests to copy every action she makes, drawing her finger across the underside of the plate, then down her face, without the guest realising that her plate is clean whereas theirs has been blackened over the oil lamp. Mr Forsyth is an expert do something every week - make animals out of hellions, dance the tango - and then has the contestants attempt to copy their every action, with disastrous results of course.

Apparently *Beadle's About* is descended directly from that 1940s American radio programme that Gaudy used to tell us about, *Candid Camera*, which it seems was followed by a famous television series called *Candid Camera*.

My friends' parents say that *Candid Camera* was a pretty harmless series: they'd free-wheel a car onto a garage forecourt and ask the attendant to check the oil, only for him to find no engine, or arrange for a vending machine to talk back to the customers.

The tricks they play on *Beadle's About* are far more cruel. They pushed one man's car into a quarry, and had a seemingly inept driver of a mechanical digger smash up another man's car - quite a new one - before his very eyes. This week they pretended to be the water board, dug up a man's beautiful lawn while he was out, and when he came back and got very angry they fired green jets of water all over him.

The hosts of these shows pretend it is "just good fun", but if the "guests" ever managed to turn the tables and make Mr Forsyth or Mr Beadle look really silly I am sure it would be edited out. The hosts are clearly aware of the hypocrisy involved: Mr Beadle had himself sprayed with water this week, pretending it was a trick sprung on him by his production team. But although he got wet (for his fee who wouldn't he?) he did not have to suffer the anguish or the embarrassment of the real victims, and did not then have to go through the dreadful business of pretending to take the whole thing in good part in order to avoid the accusation that he was a bad sport who couldn't take a joke.

Quite honestly, after a few weeks of these shows I miss our cello. With our population of 154 we seem to have so much more variety. And talent. And fun!

Lots of love, Kester, a.k.a.

Christopher Dunkley

Les Troyens

COVENT GARDEN

Scottish Opera are this week giving their first-ever short season - too short: only three performances - at the Royal Opera House. It is made up of two performances of *Les Troyens* and one, between them, of Judith Weir's *The Vanishing Bridegroom*. In sum, a brilliantly bold, ambitious calling card.

Monday's *Trojans* was, for linked reasons, a great occasion: the return of this opera, in full, to the London opera stage after an unbearably long time (18 years, actually), and the first showing here of Tim Albery's magnificent modern production. This has been shared between, and performed by, Opera North, WNO and Scottish Opera over the last four years, so opera-lovers in the metropole have at last the chance to enjoy and admire what has been thrilling them in the regions.

London's not entirely comfortable or accommodating theatre caused the company a few problems: the far-back positionings of Cassandra and Chorus in the opening scene of Troy seemed risky as they had not in the more intimate houses of Leeds and Cardiff, and orchestral ensemble was not always true. But once the performance began to gather its special sweep, no minor obstacle could be allowed to get in its way.

The miracle of this production - apart from the cool (and sometimes startling) beauty of the Cairns-Macdonald designs, which delight the eye in every act - is the way it marries antique sensibilities (such stiffness such a shimmer of meridional tranquillity) and late-20th-century poetic resonances. The Albery vision and style possess the work, make it new, while at the same time preserving the moral and spiritual core of Berlioz's art.

Andrew Clements showed praise on the Scottish Opera performance in September. I must add my words of tribute to the exquisitely beautiful Dido, supply and liquidity song, of Kathryn Harries and to the grandly passionate, proudly declared (in notably fine French) Cassandra of Katherine Ciesinski - the two great roles dominating the evening, and leaving their stamp on the drama, in ways that testify to the special

intelligence of the production. Seppo Ruohonen, not an heroic figure, sings Aeneas more securely than many a more appropriately built singing-actor; with the exception of the vocally miscast Chorus, the whole company rises to the opera with enthralling conviction. In the programme John Mauceri writes with characteristic intelligence about the structural relationships of Berlioz's metronome marks. In practice I found much of his conducting

rushed, particularly in the Trojan episodes - there seemed too little willingness to let the extraordinary feats of scoring (harsh, hollow) and melodic and harmonic movement register their points of dramatic impact. For all that, Monday's was a performance of unmitigated power that sent one out of the theatre once more elated by Berlioz's greatness.

Max Loppert



Katherine Ciesinski: grandly passionate as Cassandra

Leonce and Lena

THEATRE IM DEPOT, STUGGART

On the train to Stuttgart, I read *Leonce and Lena* and laughed loudly several times. A few hours later, Buchner's play was squashed into an evening of relentless sobriety at the Theater Im Depot. Folly flapped into melancholy; anarchy was straightened out into decorum. No one doubted the seriousness of Buchner's questions about love and life, but the laughs were missing.

A German revolutionary, Buchner made his name with the tragedies *Danton's Death* and *Woyzeck* before he died in 1877, aged 23. Here, his targets are the petty despots who carved Germany into miniature states before the unification of Germany.

Leonce and Lena is a satire in which a prince and princess are so worn out by privilege that they sink into suicidal apathy until each discovers the other's existence. The nihilism, Stephan Benson and Karin Plamondon are convincing enough as the spoilt pair looking for spiritual kicks, while the supporting cast are gracefully foppish - philo-

sophical King Peter (Heinz Gunter Kilián) bloated, bald and bemused by his crown; his attendants following him like aimless squiggles. But they only work as puppets; my quarrel with this production is that there is no glimpse of the clown stalking the courtier, or the satirist behind the stargazer - and this in a play whose epigraph is Jacques' "I am ambitious for a motley coat" and whose hero quotes Tristram Shandy.

Like Shakespeare, Buchner was fascinated by mental and emotional extremes and his Prince Leonce faces all the dilemmas faced by Prince Hamlet - self or not self, what to do about his faithful girl (Doris Metz), whether he wants the crown from his father - only to see each one resolved by comic debacle. Maybe Stephan Benson will warm up into a more individual *Leonce* now. It is hard to identify with him or with the humour of his position. By contrast, his sidekick Valerio (William Menne) is an accessible vagabond who peels back mask

after mask until, as in the onion metaphor in *Peer Gynt*, he fears there will be nothing left of him.

Johannes Klett's production turns on life as a spectacle. Klett is also a painter and his formally beautiful settings are the core of his very visual interpretation. In this tram depot-turned-theatre, one of the trapezoidal hallways found its way on to the stage as an illuminated metallic circle which encloses the action and spins round and round, an image of life's repetitive tedium.

Recalling Lewis Carroll's Red Queen, Leonce and Valerio run madly up and down it in order to stay in the same place. Behind, screens display pictures in changing states of illumination, from boldly coloured to sepia; above, a balcony framed by gold leaf resembles a gilded bird cage, the perfect frivolous prison for Princess Lena. It works as an exhibition piece; the problem is bringing it to life.

Jackie Wullschlager

Chamber Orchestra of Europe

BARBICAN HALL

Which is the more expressive? The back of the head with its cheeky tufts of hair over the ears, the flick of the wrist, or that enormously long hand that seems to have a life of its own? Even when he is facing the other way, Gennady Rozdestvensky manages to give the impression that his smile is beaming out across the orchestra.

On Monday he was in London to direct the Chamber Orchestra of Europe in the second of four concerts at the Barbican. This was the all-Shostakovich programme, which had drawn nothing like the capacity audience that it deserved. A great shame, as the balance of works, contrasting the satirist Shos-

takovich with the tragedian, was well chosen and the COE more than lived up to its reputation as a technically remarkable young orchestra.

They began with the blingy witty suite from *The Nose*. It seems a long time now since the New Opera Company gave its production of the opera at the London Coliseum and memory of those stage performances did not suggest that the music would be as entertaining out of context as it proved here, thanks to some high-spirited playing (wickedly spiteful wind solo) and a splendid cameo from Adrian Thompson as the drunken tenor.

Among the interpreters of Shostakov-

ich that we see regularly in London, Rozdestvensky is arguably the most idiomatic. He favours a style less indulgent than that of Claudio Abbado, less lyrical as Ashkenazy, marvellous though some of his performances are. Objectivity is the key and Rozdestvensky has that when it is needed, as his spruce account of the First Piano Concerto with Viktor Rodionov showed.

It was, incidentally, when the evening turned to the composer's darkest side in the Fourteenth Symphony. Of this, Rozdestvensky gave us a truly intimate and concentrated account. With Sarah Walker and Dimitri Petkov

as the soloists the vocal parts were in safe hands, the mezzo expressive, dark and haunting Russian sound of the kind the symphony presupposes.

What made the music-making so compelling, though, was the feeling that the performers were listening to each other, the singers to the orchestra, but especially each player to every other. The Chamber Orchestra of Europe really is listening to each other, two concerts are on Friday and Monday, when Paavo Berglund conducts Sibelius.

Richard Fairman

ARTS GUIDE

THEATRE and OPERA

London

The Reluctant (Garrick). Jean Aron's play directed by Ian McDiarmid with costumes by Jasper Courten in a production that has received excellent reviews (071 370 5107). Aspects of Love (Princes of Wales). Andrew Lloyd Webber's latest is an intimate chamber

opera derived from David Garnett's 1935 novella. Musically interesting and well directed by Trevor Nunn with costumes by Janet (Lyric Hammersmith). Check by Jowl's idiosyncratic production, directed by Declan Donnell (071 370 5107). Aspects of Love (Princes of Wales). Andrew Lloyd Webber's latest is an intimate chamber

opera derived from David Garnett's 1935 novella. Musically interesting and well directed by Trevor Nunn with costumes by Janet (Lyric Hammersmith). Check by Jowl's idiosyncratic production, directed by Declan Donnell (071 370 5107). Aspects of Love (Princes of Wales). Andrew Lloyd Webber's latest is an intimate chamber

opera derived from David Garnett's 1935 novella. Musically interesting and well directed by Trevor Nunn with costumes by Janet (Lyric Hammersmith). Check by Jowl's idiosyncratic production, directed by Declan Donnell (071 370 5107). Aspects of Love (Princes of Wales). Andrew Lloyd Webber's latest is an intimate chamber

opera derived from David Garnett's 1935 novella. Musically interesting and well directed by Trevor Nunn with costumes by Janet (Lyric Hammersmith). Check by Jowl's idiosyncratic production, directed by Declan Donnell (071 370 5107). Aspects of Love (Princes of Wales). Andrew Lloyd Webber's latest is an intimate chamber

opera derived from David Garnett's 1935 novella. Musically interesting and well directed by Trevor Nunn with costumes by Janet (Lyric Hammersmith). Check by Jowl's idiosyncratic production, directed by Declan Donnell (071 370 5107). Aspects of Love (Princes of Wales). Andrew Lloyd Webber's latest is an intimate chamber

opera derived from David Garnett's 1935 novella. Musically interesting and well directed by Trevor Nunn with costumes by Janet (Lyric Hammersmith). Check by Jowl's idiosyncratic production, directed by Declan Donnell (071 370 5107). Aspects of Love (Princes of Wales). Andrew Lloyd Webber's latest is an intimate chamber

opera derived from David Garnett's 1935 novella. Musically interesting and well directed by Trevor Nunn with costumes by Janet (Lyric Hammersmith). Check by Jowl's idiosyncratic production, directed by Declan Donnell (071 370 5107). Aspects of Love (Princes of Wales). Andrew Lloyd Webber's latest is an intimate chamber

DnB 1 FUND

(anc. Bergen International Fund)

SCAV
Luxembourg, 11, rue Aldringen
R.C. Luxembourg n° B 27316

Notice to Shareholders

The Extraordinary General Meeting of Shareholders of October 8, 1990 has changed the destination of the Company from "Bergen International Fund" to "DnB 1 Fund".

The articles of incorporation have been modified to reflect all changes necessary pursuant to the Luxembourg Law on Collective Investment Undertakings of March 30, 1988.

In addition two new commitments have been created: DnB 1 Fund-Nordic Equities and DnB 1 Fund-Nordic Bonds.

As from October 15, 1990 up to December 1, 1990 shareholders may subscribe to shares of DnB 1 Fund-Nordic Bonds and DnB 1 Fund-Nordic Equities at an initial price of NOK 10,500 per share. During the initial subscription period the minimum investment shall be NOK 51,500.

Fund into new shares of DnB 1 Fund-Nordic Bonds and DnB 1 Fund-Nordic Equities has been approved. The actual exchange will be made at the choice of the shareholders as at December 1, 1990.

As from December 3, 1990 the former shares are no longer of good delivery at the Luxembourg Stock Exchange.

By order of the Board of Directors

November 30-December 6

London
The Reluctant (Garrick). Jean Aron's play directed by Ian McDiarmid with costumes by Jasper Courten in a production that has received excellent reviews (071 370 5107). Aspects of Love (Princes of Wales). Andrew Lloyd Webber's latest is an intimate chamber

Paris
Opéra de Paris. Chorus, choreography by Balanchine. Lubovitch, Garnier and Kylian to music by Stravinsky, Pachel and Janáček (47428771).
Bastille Opéra. The controversial opera's season opens with Verdi's *Otello* conducted by Myung-Whun Chung with Corella Murray in the title role, with Renato Bruson as Iago and Kellian Espinosa as Desdemona (4031615).
Châtelet. Broadway musical *Street to Harry Warren's music* in a production supervised by Mark Bramble (40282840).

Berlin
Opéra. *Der Barbier von Sevilla* is a well done repertoire performance. *Shylock*, part of the successful Götter Friedland Ring cycle features Anne Evans, Anne Gers, Jane Giering, Toni Krammer and Robert Hale. *Der Barbier von Sevilla* is sung by Gudrun Sieber, Barbara Scherler and Peter Mann. Also *Rigoletto* and two advent concerts with the Weizsäcker School Choir.

Saleroom
Van Gogh and Picasso fail
The recession in the art market really hit home at Christie's on Monday night when the auction house contemplated its most disastrous major impressionist and 20th-century picture sale for years. Only 24 of the 63 lots on offer found buyers and the three most important pictures, two by Van Gogh (including one owned by Elizabeth Taylor) and a Picasso, were all bought in. By value the sale was 75 per cent unsold, totalling just £10.8m. The depth of the slump is revealed by setting Monday alongside the comparable auction a year ago when Christie's achieved a record sale total for Europe of £76.8m.

Antony Thorncroft

FINANCIAL TIMES

NUMBER ONE SOUTHWARK BRIDGE, LONDON SE1 8HL
Telephone: 071-873 3000 Telex: 922188 Fax: 071-407 5700

Wednesday December 5 1990

Europe's lost cousins

THE Balkan countries are Europe's forgotten cousins. Before last year's revolutions which toppled the communists from power, western governments naturally paid attention to Poland, Czechoslovakia and Hungary. These countries had articulated independent opposition movements and vibrant intellectual communities. They could also boast an articulate diaspora. Today, these opposition movements nervously hold the reins of power. They have sympathy from their western friends.

Romania and Bulgaria have never had such luck. History bequeathed to them centuries of misrule and broken promises of land reform. Communism saddled its largely conformist, peasant population with the worst excesses of Stalinism. The tiny intellectual and middle-class elites were repressed and socially marginalised. Indeed, one of the last vestiges of communism was the way in which it catapulted peasants into the ambience of power. They became dependent on the state, which, abetted by the conformist Orthodox Church, was invested with enormous influence. These Balkan countries became a backwater of Europe and could remain there unless western governments and the new democracies of eastern Europe prevent it.

Last year's revolutions showed that the countries of eastern Europe have no feelings of mutual solidarity. Antipathies and ethnic tensions, which were evident after the collapse of the Habsburg empire in 1918, were suppressed by communism. Today, the past is being revisited. Poles, Czechs, and Hungarians have disingenuously divided eastern Europe between Central Europe and the Balkans; between reformers and old communists; between liberals and authoritarians.

Impossible promises

These prejudices could be confirmed by the recent free parliamentary elections, in which Bulgarians voted for the Socialist (former communist) party and Romanians for the National Salvation Front, a safe house for the communist bureaucracy. As a result, western governments have

shunned these governments. But they were elected because there were no experienced, articulate opposition parties to replace the promises of full employment were impossible to maintain, that the market economy would be painful. Besides, workers had had enough of change. After the second world war, the communists uprooted peasants from the land into factories as part of their ambitious programmes of industrialisation. They want no more upheaval. They want protection by the state. Today, the rationing and the black market show the extent to which the state can no longer provide. This is one of the reasons why last week angry demonstrators forced Mr Andrei Lukin, the Bulgarian prime minister, to resign.

Fertile ground

If western governments delay in providing assistance, the region will become a fertile ground for neo-fascists, nationalists and instability. This is evident in Bulgaria, Romania and in parts of Yugoslavia. To forestall such developments, the governments of the first two have repeatedly asked for assistance from the London-based Know-how Fund and from the Group of 24 industrialised countries. Advice would mean recognition for their attempts at reform. It could also begin the flow of credits for stabilisation programmes without which poverty and populism will increase. Without any acknowledgement from western governments, anti-western sentiments could flourish.

Aid must be strictly linked to human rights, parliamentary democracy and a respect for ethnic minorities. Civil liberties have historically been weak in the Balkans. Western support must also extend to allowing these citizens to travel and use other systems function. Austria and Poland now demand visas from Romanians and Bulgarians. Yet the expectations for quick results are highest in those countries prevented in the past from travelling. Those expectations must be dampened, not by exclusion, but by inclusion into the new Europe. Otherwise, these countries will again slide into misrule and anarchy.

Regulating British Gas

THE intervention yesterday in the affairs of British Gas by the industry's regulator is without precedent in the short history of regulating privatised UK utilities. The Office of Gas Supply not only specified a target market share which British Gas must surrender; it also placed a question mark over the company's future if British Gas failed to meet the target.

Mr James McKinnon, director general of gas supply, wants British Gas to hand over competitors win 30 per cent of the main industrial gas market by 1993. The size of that task can be gauged from the share held by new entrants at present - two years after a pioneering Monopolies and Mergers Commission report designed to break open the market. British Gas's competitors now account for just 2 per cent of industrial gas sales, according to Mr McKinnon's calculations.

Mr McKinnon's latest intervention is an implicit recognition of the failure of the Monopolies Commission's remedies to work quickly enough. The Commission ordered that British Gas must not buy more than 90 per cent of the gas from new North Sea fields, thereby leaving a residue of supplies for the fledgling competition.

Companies such as British Petroleum, Shell, Esso and Mobil have entered the industrial gas market for the first time this year. But Mr McKinnon sees two main problems in the current arrangements: first, much of the gas not contracted to British Gas will be burnt by power stations, rather than in the general industrial market; second, British Gas's new competitors will be hindered by a lack of gas for at least the next three years.

Indecision in issuing threats of dire action against British Gas,

the regulator appears to have in mind an industry structure which might have been preferable in the first place. Mr McKinnon envisages a "draconian solution" whereby the gas grid could be spun into a separate company and the remainder of British Gas split up into competing regional concerns - much like the model adopted for the privatised electricity industry.

Target market share

However, it is one thing to argue that this would have been a better blueprint for the gas industry. It is quite another to view this proposal as appropriate for a company which was sold on a different prospectus just four years ago. Mr McKinnon argues that the authorities were implicit in its privatisation prospects. But this stage it is to be hoped that the company will avoid further surgery by responding to the regulator's concerns: indeed, this is undoubtedly what Mr McKinnon hopes.

It is not surprising that a company to be given a target market share to surrender to its competitors? British Gas's reaction yesterday - that its competitors are also responsible for the pace at which competition unfolds - deserves some sympathy. The better course, if Mr McKinnon remains convinced that competition is not working, would be to refer the matter again to the competition; the 90 per cent rule is in any case due to be reviewed next year.

The wider issue raised by Mr McKinnon's statement is the future of regulation itself. The regulators of the telecoms and gas industries say that their overriding goal is to relax the regulatory straitjacket by fostering competition. Yet recent events have raised worries about the regulators extending their activities beyond the limits originally envisaged. The first group of regulators are able men who have broadly served the users of regulated services well, even if they could sometimes be more open about the factors shaping their decisions. But the time may be approaching when a review is needed of the future course of utility regulation itself.

When Honda, Japan's third-largest car maker, set out in the mid-1980s to re-design its successful Accord model, its initial intention was to develop one product range to be sold worldwide. But the company soon realised the idea would not work.

Honda's engineers in Japan wanted a status symbol car for a country where highly congested roads restrict driving. But its US designers demanded a workaday vehicle, able to travel long distances on wide open highways. The upshot was a different range for each market, without a single major component in common.

The experience, which mirrored Ford's failed attempt a few years earlier to develop a "world car", has taught Honda a vital lesson. In the words of one company executive: "For us, the most important priority is not to globalise our business, but to localise it."

That message is spreading at varying speeds across other Japanese industries from consumer products to computers and telecommunications. They are realising that rapid product innovation and manufacturing excellence, the bedrock of their competitive strength for the past 30 years, are no longer enough to meet the needs of an increasingly sophisticated and complex world market.

Some western companies have reached a similar conclusion. IBM, for instance, has stopped trying to impress customers with technical wizardry and is wooing them instead with promises of superior service, ease of use and custom-tailored solutions to their business needs.

In the worldwide search for sources of profit and value beyond manufacturing, Japanese industry holds one big advantage over its western rivals. More Japanese companies are closer to having a "global" presence since they dominate their home market as well as serving the US and Europe by exports and local production.

Their problem, however, is that their international product strategies are still driven overwhelmingly by their domestic market. Products which do well abroad are usually launched first at home, where vigorous demand has enabled production volumes to be built up and unit costs to be reduced markedly.

The formula worked brilliantly while the name of the game was simply to churn out standard products in large quantities. But it is becoming less effective where economies of production scale are no longer critical, or where the goal is more than simply catching up with the west.

US acclaim for Toyota's Lexus luxury saloon shows that Japan's talent for developing world-beating products is as keen as ever. However, Toyota had a clearly-defined target to find out what makes BMW and Mercedes-Benz cars attractive and match it.

The limitations of the approach are shown up by the experience of NEC, the large electronics group. In Japan, NEC is the leading supplier of personal computers. Yet international sales have been disappointing, because NEC's machines do not meet the IBM-compatible standard dominant almost everywhere else.

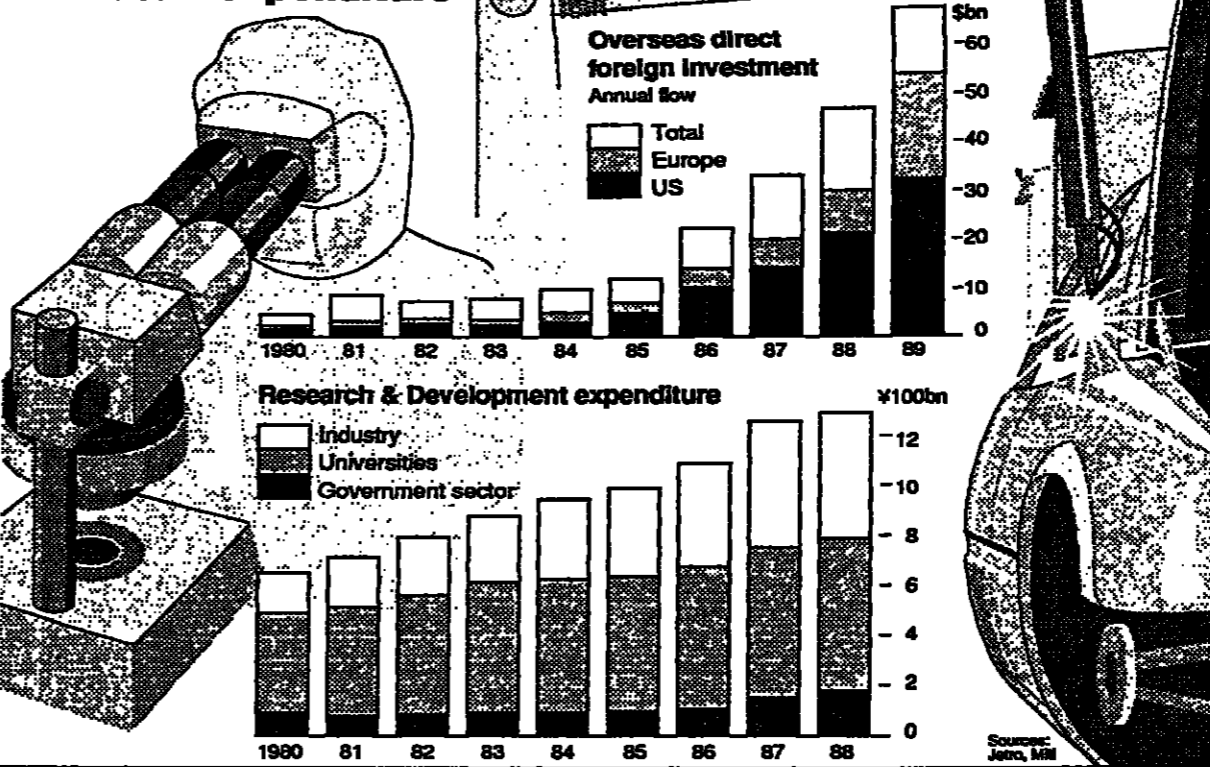
Indeed, in spite of its formidable strengths, the only important electronic product for which Japanese industry has so far established a world standard is video-recorders. NEC's efforts to sell digital telephone exchanges in the US have also proved unrewarding. Though its equipment is technically excellent, the company is struggling to meet American telephone companies' demands for the complex software needed to reduce operating costs and offer new types of information services.

"The telephone companies are worried about our ability to support them," says Mr Toshio Kunihiro, head of NEC's telecommunications

New competitive challenges are forcing Japanese companies to reassess their world market strategies, writes Guy de Jonquieres

Industry hits a cultural barrier

Japanese investment and R & D expenditure



division. "The problem does not lie in our software design capability, but in really understanding what our customers need. That is the single biggest challenge our company faces."

"In the past, the demands of world markets were uniform, and we succeeded by simply making improvement after improvement," he says. "But now we need a better idea. The logical conclusion is that NEC cannot continue to expand its global business without changing its culture."

Kao, Japan's leading soap and detergent maker, which enjoys a formidable reputation at home for product innovation, sees similar obstacles to its efforts to expand overseas. "It will take five to 10 years before we start understanding foreign customers," says Dr F Tokiwa, Kao's president.

The full extent of the challenge is probably still masked by strong demand in Japan, which has kept many manufacturers busy simply meeting orders. But as growth tapers off, more companies are likely to find their home market has become less reliable, not only as a source of profitable business but as a guide to what products will sell well internationally.

Professor Tadao Kiyonari of Hosei University, an adviser to the ministry of international trade and industry, believes a decisive turning point is approaching. Japanese companies' international expansion has hit a "cultural barrier," he says, which few yet know how to tackle.

The need for a new strategy results from three developments: Japan's superlative low-cost volume production methods have turned

many previously expensive products, such as televisions, into commodity items with low margins.

● In response to that trend and to yen appreciation, Japanese manufacturers are fast shifting up-market into more sophisticated activities which offer higher profits and added value.

● Meanwhile, Japan has become the world leader in products such as cars and technologies such as electronics and new materials. In these areas, its industries can no longer seek inspiration from the west but must depend increasingly on their own powers of

Japanese companies are realising that manufacturing excellence is no longer enough to meet the needs of a sophisticated market

Invention.

These changes have unleashed a drive for creativity and innovation, reflected in surging investment in research. Between 1979 and 1989, Japan's annual spending on basic research rose from ¥6,000bn to ¥12,000bn, while industry's share doubled to 43 per cent of the total. Japan now has 500,000 scientific researchers - more than any country except the US - many working in recently established corporate laboratories.

The race to advance the frontiers of technology, rather than just exploit it, is likely to make life much harder for companies which fail to keep pace.

But even some which are committing large resources admit they are taking a leap in the dark. Canon, the copier and camera maker, says it may need another 10 years to judge whether its five-year-old research laboratory can make any commercially useful discoveries.

Japanese industry is also under pressure from another direction. In the past, few companies have done much market research before launching a new model, opting instead to shower the market with products and let consumers decide.

However, Darwinian selection is becoming less practicable, even at home. As Japanese companies' products become more sophisticated, and development spending rises, picking winners requires much more careful analysis of consumer tastes and trends.

"In the past, we could see market needs very clearly," says Mr Ichiro Fujimoto, head of R&D at consumer electronics manufacturer Sharp. "But from now on, they will become more diversified. We must do more in-depth studies of what consumers really want. Research must be more focused. We must explore potential needs hidden below the surface."

This is true even in Japan, where many consumer product companies have recently set up "antenna" shops and "life-style centres" to probe shoppers' reactions to new products.

Ahead, however, lies a new technology to demand is increasingly complicated by the bewildering diversity of cultural and psychological factors which govern market behaviour. Japan is discovering that its highly

developed sense of being "different" from the rest of the world is a diminishing advantage.

Bigger Japanese companies have long outgrown their reliance on international trading groups to distribute their products overseas. Now they are exploring a variety of ways to get closer to foreign customers. They include:

● Establishing research, design and engineering centres in the US and Europe. None of these has yet developed an important product from scratch, and many simply adapt products to local markets. But some are starting to make an input into the design of products developed in Japan.

● International alliances and joint ventures, frequently at the initiative of western partners. Daimler-Benz of Germany, for instance, is discussing a wide-ranging alliance with the Mitsubishi group.

● Acquisitions, which have often grown out of long-standing links with western companies. Recent such deals include Fujitsu's purchase of ICL, Britain's largest computer maker, Sony's takeovers of CBS records and Columbia Pictures of the US and Matsushita's planned \$6.6bn acquisition of MCA, the US film company.

In most cases, the initial approach has also come from the western companies - some of which wanted financially strong partners - though that has not always prevented hostile local reactions. On the Japanese side, an important motive is to gain local market knowledge and access to valuable western expertise in areas such as software and systems integration.

But all these alternatives face big uncertainties, which are rooted in Japanese companies' structure and management methods. In many successful Japanese groups, rapid innovation is the life-blood of business strategy and relies on continuous and complex interaction between R&D, product design, manufacturing and marketing.

It remains to be seen how far this tightly integrated system can be disaggregated and spread around the world. Apart from the difficulty of maintaining the close personal communications essential to the Japanese system, there is strong bureaucratic resistance in many companies to sharing authority with engineers and managers overseas.

Furthermore, if Japanese companies are really to lay down deeper roots in western markets, they will have to accept foreign employees as equals and give them a bigger say in management and corporate strategy. High-quality foreign managers will in any case prove hard to recruit if they are denied such rights.

Honda and Sony, the pace-setters in Japanese industry's drive to internationalise, have concluded that the only long-term solution is to "clone" their businesses around the world. Both companies aim to give their US and European subsidiaries the functions and authority needed to enable them to operate as semi-autonomous units.

That goal will demand determination and patience. Honda says it needed 10 years to transfer its technology to its US assembly plant. It reckons the far more complex task of establishing a fully-fledged American development facility will take much longer. "The key is people," says a Honda executive. "It can't be done by textbooks. It has to be done face-to-face."

A lengthy and strenuous learning process is in prospect, which will require substantial changes in the way Japanese companies operate at home as well as abroad. However, the hallmarks of Japanese industrial development since the Second World War have been perseverance and ingenuity in surmounting obstacles which many in the west had blithely assumed to be insuperable.

Black to open

■ The opener in what seems sure to be a series of moves to recruit managers to the board of company boards is tipped to come from Conrad Black, Canadian proprietor of the Daily Telegraph.

A conspicuous admirer of the deceased prime minister, he is expected to invite her onto the board of either the Telegraph itself or of his Toronto-based holding company, Hollinger.

She would be in interesting company at Hollinger. Current directors include her former cabinet colleague Lord Carrington, erstwhile US secretary of state Henry Kissinger, and Paul Reichmann, master strategist of Olympia and York, developer of the Canary Wharf project in London's Docklands.

Thatcher was Black's guest of honour at the 1988 Hollinger annual dinner, which is held at the Toronto Club and has become one of the highlights of Toronto's social and business calendar. His other guests over the years have included Ronald Reagan.

Besides its 77 per cent stake in the Telegraph group, Hollinger - whose head office is in a splendid 150-year-old former post-office building in downtown Toronto street - owns the Jerusalem Post and about 200, mostly small-town newspapers in the US and Canada.

Surprise call

■ Meanwhile delegates at a Centre for Policy Studies meeting in London yesterday were left wondering if John Major is going to call a snap election after all. The chairman of the event, a "curtain-raiser" to the inter-governmental conference in Rome next week, and a leading speaker were suddenly spirited away by an urgent summons from Downing Street.

OBSERVER

They are CPS director of studies David Willetts, and Treasury adviser Andrew Tyrie. It was obvious that neither had been forewarned they might be wanted at the prime minister's noon discussions with prospective parliamentary candidates.

As they made their excuses and left, however, they included CPS founder Sir Keith Joseph and assorted bankers - speculated whether the impromptu talks with candidates heralded a major election campaign. After all, his success in the leadership contest was masterminded from the Westminster home of another aspirant Tory MP, Alan Duncan.

Fresh voice

■ Sir Nigel Brookes, founder of Trafalgar House, let his chief executive Eric Parker face all the tricky questions at the group's annual press conference at its Ritz Hotel. He was grilled on everything from why the company had not cut its dividend to the size of the losses on its US house-building operation.

Brookes might have sat alongside the loyal chief executive to underscore his support for Parker in these troubled times. Instead he sat quietly in the audience.

By contrast, the latest trophy recruit to Sir Nigel's boardroom - David Howell, the 64-year-old Conservative MP - was far less taciturn when I contacted him yesterday.

As a former Secretary of State for Transport, as well as Energy, Howell has decidedly strong views about the present "appalling backlog" of capital spending on public infrastructure projects.

"I was advised there would be a transport crisis by the end of the 1990s and it is now self-evident," says Howell who lays the blame squarely on



"I hope it's not going to riot."

the Treasury. However, he is confident that the recent change of leadership will help improve sentiment. "There is now much more chance of finding the right mixture between private enterprise and public projects."

This should be sweet music to the ears of Trafalgar House. Despite pioneering such moves as the private-sector financing of the new Dartford bridge, the group has not been as big a beneficiary of the Thatcher years as it may well have hoped.

Red warning

■ Newly appointed executives, national leaders and such wanting to ensure that it is not their blood that gets spilt on the carpet, might do well to have blood-tests made on close associates.

Reuter reports that Taiwan's state-run TV has just put out a list of the various haematological groups, and their typical personalities. They are:

Group O - confident, adventurous and independent; has a strong swashbuckling streak

and is prone to stubbornness. Group A - a procrastinator who is emotional and weak-willed but also prudent and analytical. Good listener. Group B - gregarious, optimistic and creative but can often suddenly become excitable and unstable. Group AB - considerate and giving, capable of intimacy and often with good economic sense, is also easily angered and emotionally treacherous.

Vatican polish

■ Cardinal Agostino Casaroli, who is retiring after 11 years at the top of the Vatican, is generally held to have been one of the most brilliant secretaries of state this century, if not the most brilliant.

Indeed, he discovered the present Pope when he was Bishop of Craiova. As the Vatican's effective prime minister, Casaroli put forward the recommendation on which Mgr Wojtyla was raised to cardinal and thus became eligible for the papacy.

Subtle, but extremely tough, Casaroli is famed for his attention to detail and for his passion for "polishing" diplomatic texts. Now that he is stepping down, "others will learn how to polish by themselves," he said.

Fighting talk

■ Prime Minister Schlitter, Denmark's Conservative leader who has headed a series of minority coalition governments since 1982, is not underestimating his task next Wednesday when he fights his fourth general election.

At a Copenhagen seminar yesterday he was told by Sten Rasborg, chief of the Unibank group, that the programme he was putting forward should guarantee victory. "I'm convinced all thinking persons will vote for you," the bank chief added.

"But that's not enough," Poul Schlitter replied. "I need a majority."

the architects of time

-1911-

OROLOGERIA LUIGI VERGA S.A.S.
VIA D'OGARA 8, 20123 MILANO

Labour loses its biggest asset

Ivo Dawney on whether the Labour party can adapt to the new political environment

The exasperation within the British Labour party's inner circle is almost tangible. Just days after the fall of Mrs Thatcher - for 15 years the party's arch-enemy - the reward has been a slump in its poll ratings and a fresh bout of largely groundless speculation over its own leader.

"Labour has had an outstanding period of regeneration and recovery under the leadership of Neil Kinnock which culminated in seeing off someone who is alleged to be the most formidably entrenched political leader of the century," said Mr Jack Cunningham, the campaign co-ordinator, on Monday. "Where does all this nonsense come from?"

Roundup the usual suspects is hardly tricky. A media pack "light" on the taste of one party leader's blood has been added and abetted by the ever-ready Labour back benches, weary with disciplined opposition, and dispirited with the revival in the government's fortunes that has accompanied Mr John Major into Downing Street. Labour's long-held theory that Mrs Thatcher was its biggest asset has now been inverted to promote Mr Kinnock as the Conservatives' most secret weapon.

Close aides to Labour's leader can barely conceal their anger at the speculation. They claim that it was their man's persistent battering at Tory divisions on Europe that helped bring about Mrs Thatcher's fall.

"People criticised Neil for his line of questioning after the Rome summit," said one close adviser. "But it was his questioning that brought out the worst in Mrs Thatcher's fall and (Sir Geoffrey) Howe's speech."

None the less, the question now is whether Labour and its leader can adapt to the unfamiliar political landscape they may or may not have contributed to creating.

Mr Kinnock's words that much now depends not on Labour, but on the altogether less-known qualities and strategies of Mr Major.

Mrs Thatcher's exit has allowed her successor to go at least some way towards forming up his ranks for an all-out assault on the centre of British politics - the traditional bat-



Exasperation almost tangible: Gordon Brown, Neil Kinnock and John Smith

ground for general elections. Mr Major's espousal of "caring Conservatism", his vow to create a classless "society of opportunity" and his general acceptance of the designation "dry on the economy, wet on social issues" is a gauntlet thrown down to Labour. After it has promised much the same, albeit under a "democratic socialist" label.

Labour's rethink strategy now must run along the lines of "better the carers you know, than the late converts." All the party's private opinion polling shows that it is unassailable by the Tories on this, its natural territory.

On such topics as the health service or education, pensions and benefits, Labour's own polling suggests it is safely ahead. On Britain's crumbling infrastructure and mounting privatisation at public expense, it also scores points.

Furthermore, the party believes its recent shift to a more positive view of the world will help it outflank the Conservatives, now deeply split on the issue.

Yet it is all this - the fruit of three years of arm-twisting and inverted policy debate - enough to produce the record swing to win the coming election? Even fierce Labour partisans believe the change in climate that has accompanied the departure of Mrs Thatcher may now mean that it is not.

The massive opinion poll, which saw Labour's 15 per cent lead three weeks ago turned to an 11-point Tory advantage is discounted by

both parties as part of the "honeymoon" effect. As Mr Robin Cook, Labour's health spokesman, memorably put it: "We must ensure that it is less of a honeymoon and more of a one-night stand."

Labour says that when the excitement dies down it will return to a firm voter base comprising some 40 per cent of the electorate. But Mr Kinnock's camp calculates that the crucial skirmishing now centres on a floating 8 per cent of the electorate.

It is this slice of voters - as

Publicly, Labour is calling on the Tories to abandon the poll tax - the opposition's biggest vote-winner. Privately, it must be praying they do not

yet politically and sociologically unidentified - that was the core of the sharp reversal in Labour's fortunes before and after the Tory leadership struggle.

Close associates of the Labour leader always identified the public's lack of confidence in the party's economic competence as the prime reason behind its defeat in the 1987 election.

But it was also acknowledged that some voters, averse to Mrs Thatcher herself, had become a significant contributing factor to Labour's

revived opinion poll ratings. Could the fickle 8 per cent thus be a measure of the "Thatcher factor" that Labour must now make up?

In any case, the party's strategists now believe that Labour's competence at managing the economy and the "image" of the Major administration are now the two questions that could spell electoral success or failure.

On the economy, it is Labour's word against the Tories' and few believe much more can be done. Ostensibly, the party should be sitting pretty. With inflation near 11 per cent, high interest rates and recession, the Tories have a lot of explaining to do.

Yet Labour is more than aware of the old saw that says the Tories always win on the economy, taking the credit when it is healthy, and promising a recovery when it is not.

Where the party is entirely in the dark is over Mr Major's actions. And it is here that the "beauty contest" factor comes into electoral calculations. Labour is keen to characterise Mr Major as his former mistress's voice - "Son of handbag" in Mr Kinnock's unfortunate phrase - but it is equally anxious that he should live up to the insult.

Many are not so certain. "What is interesting about this man is we don't know what sort of target he is," Mr John Prescott, Labour's shadow transport secretary, reflected shortly after Mr Major's election.

Publicly, Labour is calling on the Tories to abandon the

poll tax - the opposition's greatest vote-winner. Privately, it must be praying they do not. Publicly, it is urging government shifts on Europe, on education or on health. Privately, it must fear that such policy changes could be sold by Mr Major as evidence that he is "his own man". This is the novelty that threatens to undermine Mr Kinnock as yesterday's political flavour.

Until now, Labour's strategy was to confront the Tories directly in a battle over policies. It began this week with an education paper and is intended to continue well into the new year.

But inevitably, with a new face at the head of the Tory party, personalities are back under the microscope, prompting the faintest and malcontented on the opposition benches to resume muttering about the leadership.

Nobody at Westminster believes Mr Kinnock is currently under any real threat. Any way, the prospect of a lengthy leadership contest involving a full-blown party conference this close to an election remains highly implausible.

Furthermore, it is not inconceivable that, notwithstanding criticism of his recent performance against Mrs Thatcher, the Labour leader may get the better of his new, less experienced opponent at the despatch box.

If not, and if poor opinion polls continue well into next spring, every option could be thrown open - from a move towards supporting electoral reform to renewed talk of Mr John Smith or even Mr Gordon Brown, the shadow trade secretary, taking up the party's banner.

What is indisputable is that Labour can no longer campaign as a haven for opponents of Thatcherism.

Senior party figures like Mr Bryan Gould, the environment spokesman, and Mr Roy Hattersley, the deputy leader, have long pressed for greater emphasis on Labour's "big ideas" - an enabling state providing opportunity for all, in contrast to the Tories' meritocratic consumer democracy.

In the absence of Mrs Thatcher's long shadow, the Commons suddenly appears a surprisingly level playing field for the two young gladiators to fight on.

Commercially-motivated tied aid Time to discipline a costly trade practice

By John Macomber

With dramatic free market reforms sweeping central Europe and many other parts of the world, it is time to take a fresh look at an ever more costly trade practice - the use of tied aid or mixed credits. These are mixtures of commercial credits and government-supported "soft" loans or grants. All member nations of the Organisation for Economic Co-operation and Development would gain from a co-operative effort to reduce this trade-distorting and expensive practice. A reduction in tied aid would greatly reduce trade costs - something all industrial countries would appreciate as they face tighter budgets.

The United States supports the use of aid for humanitarian and development purposes, but

recipient country funds are diverted from basic needs to capital-intensive projects that may be lower in priority

not for purely profit-oriented capital projects that could be commercially financed.

Everyone loses in commercially-motivated tied aid. The buyer's price of doing business goes up because procurement is directed according to available credit rather than on the basis of the best price and technology. Recipient country funds are diverted from basic human needs and appropriate development projects to sophisticated, capital-intensive projects that may be far lower in national priority.

Senior party figures like Mr Bryan Gould, the environment spokesman, and Mr Roy Hattersley, the deputy leader, have long pressed for greater emphasis on Labour's "big ideas" - an enabling state providing opportunity for all, in contrast to the Tories' meritocratic consumer democracy.

In the absence of Mrs Thatcher's long shadow, the Commons suddenly appears a surprisingly level playing field for the two young gladiators to fight on.

Morever, tied aid has become increasingly costly because of the higher grant levels required in mixed credits under the OECD arrangement. Revisions to the arrange-

ment implemented in 1988 raise the minimum grant element from 25 per cent to 35 per cent for most developing countries, and to 50 per cent for the least developed countries. At the same time, the calculation of the grant element was more closely linked to each donor country's domestic interest rates. Britain has felt the effects of this increase since tied aid accounts for an estimated 70 per cent of the country's bilateral aid budget.

Countries that do not use mixed credits in certain trade markets are also on the losing end as long as commercially-motivated tied aid exists. American exporters lose an estimated \$40n (\$2.07bn) a year in export revenues to tied aid deals by foreign competitors - the bulk of it in the Pacific basin.

With trade driving economic growth, American economic policies must focus sharply on US competitiveness abroad. As a result, the administration and Congress are using more aggressive tools to support US sales overseas in the face of government-backed exports. The Export-Import Bank of the United States, America's export credit agency, has at its disposal a "war chest" that has grown from \$110m in fiscal 1981. The fund is being used in co-operation with the US Agency for International Development (AID) to launch a \$500m joint programme offering mixed credits in four markets where they are most aggressively used by our competitors for commercial advantage: Indonesia, the Philippines, Thailand and Pakistan.

Eximbank and AID are establishing protocols in these four countries, each supporting US exports. The funding will combine Eximbank and AID grant money with Eximbank guarantees of commercial financing. The programme will finance projects in sectors heavily targeted by Japan and western European countries: telecommunications, transportation, power and construction equipment. All of the projects will meet strict economic and technical criteria, be of high development priority in the recipient coun-

tries and benefit both public and private sectors. We anticipate operating the tied aid programme even more aggressively this year, given our beefed-up Eximbank 1991 budget with the war chest increased by nearly half. Congress has approved a sharp increase in AID funding authority for tied aid projects with Eximbank - from \$5m last year to \$300m in fiscal 1991. This stretches our US government grant capacity for mixed credits to as much as \$500m which could be leveraged with Eximbank guarantees of commercial financing to support \$1.3m in US exports. The importance of the joint initiative lies not just in dollar export figures, however, but also in the administration's resolve to fight fire with fire.

The US will press for greater discipline on tied aid. We will be watching how our trade partners react to our initiatives

and to trim - if not end - this expensive practice. Backed by this muscle, the United States will press for greater discipline in the use of tied aid by other countries. We will be watching how our trading partners react to our mixed credit initiatives. We hope to find a solution through the negotiating process in the OECD talks which resume next week. However, should the talks not produce results, we will expand our tied aid capacities.

It is to everyone's benefit to deal quickly with this trade-distorting practice. Commercially-motivated mixed credits ultimately hurt everyone - buyers, recipient and exporting countries, all traders. It sabotages the trade liberalisation trend sweeping the developing world, at a time when trade is driving economic growth. For these reasons, the issue will remain a top priority of the US government.

The author is chairman of the US Export-Import Bank.

LETTERS

Catch Thatcherite TV - every night, in prime time

From Sir Nigel Willmott.

Sir, Christopher Dunkley's proposition ("The Barbican survives the Thatcher years", November 26) that there has been no "Thatcherite" television should not be allowed to pass.

He passes off whole areas of programme-making, in one way or another centred around social problems, as bucking the consensus, while only allowing a very narrow criteria for a Thatcherite programme - a series expounding liberal economics.

If he wants to find "Thatcherite" television, he can catch it just about any night in prime time. To use the general criteria, while swathes of television, by far the most watched, reflect the dominant values of the past 11 years.

What are game shows like The Price is Right and The Generation Game, their "feel good" concentration on family and fun, allowing the working class on screen as long as they know their place? The light entertainment shows full of sexist and racist jokes and social stereotypes, which become the starting point for the rebellion of the alternative comedians? Chat shows with their cosy massaging and uncritical pandering to the wealthy and successful? Glitzy soap like Dallas and Dynasty which make real life power and ostentatious look just like a style game?

What of much news coverage, which, being bound by rules of impartiality, takes its basic agenda from a woefully

unbalanced press?

The enterprise culture has been represented in a rash of business programming, as well as the "Thatcherite" Way and The Brothers. But the only place in the media where trade union representatives were asked to comment on the new prime minister was in your pages. If there is any section of the community consistently ignored or ridiculed by television it is Britain's more than 8m union members. Ordinary working people probably have more to do with their shop steward or union official in dealing with day-to-day problems than with the police, social workers, doctors, vets or any other of the favourites for "social problem" dramas. Yet when has there been a drama series based on a trade unionist? How many syndicated programmes are there elsewhere? It is no coincidence that the Broadcasting Act weakens provisions on broadcasters to carry current affairs, religious, children's and social action programmes, although the Sky unrelenting diet of soaps, game shows, sitcoms, chat shows and movies.

The actions of the government over the past decade against broadcast journalists and dramatists, from orchestrated press attacks to outright prohibition, shows they know there has been an ideological war on the box even if Christopher Dunkley missed it. Nigel Willmott, 38 Denon Road, London N8 5NS

We need to fix terms and dates to curb the PM's power

From W. Grey.

Sir, JR Walker ("A time limit to work both ways", November 27) is quite right: it is the premier's power to dissolve parliament and call a general election at a moment of his or her choosing, which tips the balance in his or her favour, at the cabinet's, parliament's and the people's expense, and which needs to be curbed.

Not only fixed-term parliaments (my preference is for

four years rather than five) but also fixed-date general (like local) elections are therefore needed. Neither, says Mr PJ O'Shea ("Fixed terms for PM?", November 24), requires a written constitution, whatever the latter's merits on other grounds. Both are more pertinent, in the normal course of events, than fixed-term premiership.

W. Grey, 12 Arden Road, Finchley, N3

What about law?

From Mr Howard N. Meyer.

Sir, Absent from the draft resolution that will be presented to the UN Security Council is a "finding" - that is, a factual determination that their policy "measures" (under Article 41) would be inadequate or have proved to be inadequate - as a needed predicate for the use of force.

US presidents are used to ignoring international law and binding treaties (the UN Charter being both), but success in getting a nation that respects law (Britain) or one that respects its own independence (France) to be complicit is hard to understand.

Howard N. Meyer, 575 West End Avenue, New York

London Docklands 'not a failure'

From Mr David Hardy.

Sir, I would like the opportunity to respond to the article ("A high-tech decade", November 26) which says London Docklands is a failure because it has a "completely inadequate infrastructure and a lack of any kind of urban design or plan".

First, Docklands is not a failure. It is the largest, fastest and most successful of all urban renewal projects in the world today. Some 25m of private investment has poured into the area since the London Docklands Development Corporation (LDDC) was set up in 1981. Set this figure against a public spending of just £300m, and you are faced with a very real achievement.

Hundreds of businesses have moved into Docklands every year; 30,000 jobs have come to the area; 17,000 homes have been built; 11m square feet of commercial space has been completed; and unemployment has fallen. Local people are benefiting from the millions that are being spent on a comprehensive programme of community-based projects, including education and training schemes, to make sure that they are able to take up the opportunities that regeneration is bringing about.

A massive £3bn is being spent on transport and infrastructure to meet the demands that this success is placing on the area. Roads and railways are being built at a phenomenal rate, with many already in place. The Docklands transport

A poetic kind of justice

From JA Cunningham.

Sir, Shakespeare is up to the minute in his commentaries! At the Lyric Hammersmith this week we heard Hamlet - no doubt referring to Polly Peck's citrus fruit problems - remark: "How enterprises of great pith and moment... turn away." (Act III Scene 1). He then goes on to pose the ultimate question when he asks: "And how his audit stands who knows save heaven?" (Act III Scene 3).

Has Asil Nadir read the denouement in Act V? JA Cunningham, Dorcas Farm, Stoke Newington, Milton Keynes, MK17 0EA



ANYONE WILL FORGIVE US THIS TEMPORARY LAPSE OF MODESTY.

When most companies talk about high standards, they rarely have this much reason.

But at ICI Chemicals & Polymers, as part of our commitment to total quality, we've just notched up over 100 third party registrations under the ISO 9000 series. Better known in Britain as BS5750.

We're the first company to do so. And we're adding 10 more every month.

Achieving registrations under this standard demonstrates to our customers that our

quality systems have been independently audited - and found to measure up. This means our products and services will consistently meet our customers' requirements.

We are committed to continuous improvement across all our businesses and the registrations are in every area of our international operations.

They represent £2.5 billion of our total sales. And show how much effort we will invest to improve our service to our customers.



World Class

This announcement appears as a matter of record only.

Italian Lire 125,000,000,000

E.I. du Pont de Nemours and Company

(Incorporated in Delaware)

12% % Notes Due 1994

**Credito Italiano**Banca Commerciale Italiana
Banca d'America e d'Italia, Deutsche Bank Group
Banca d'Europa
Banca Nazionale del Lavoro
Banca di Napoli
Banca di Roma

Credit Suisse First Boston Limited

Istituto Bancario San Paolo di Torino

Italian International Bank plc

Swiss Bank Corporation

UBS Phillips & Drew Securities Limited

Amsterdam-Rotterdam Bank N.V.

Banco di Sardegna

Banque Bruxelles Lambert S.A.

Banque Générale du Luxembourg S.A.

BNP Capital Markets Limited

Cassa di Risparmio delle Provincie Lombarde-Cariplo

Commerzbank Aktiengesellschaft

Compagnie Monégasque de Banque

Credit Commercial de France

Credit Lyonnais

Daiwa Europe Limited

Dresdner Bank

Fuji International Finance Limited

Generale Bank

IMI Bank (LUX) S.A.

Istituto Bancario Italiano S.p.A.

J.P. Morgan Securities Ltd.

Kreditbank International Group

Merrill Lynch International Limited

Mitsubishi Finance International plc

Monte dei Paschi di Siena

Morgan Stanley International

Nomura International

Société Générale

Sovardino

Westdeutsche Landesbank

Berlin means Business

Berlin invites you to benefit from its restored role as the East-West metropolis in the centre of continental Europe.

Berlin is the largest industrial city in Germany, with over 3,000 companies, 300 R + D institutions and a GDP in excess of £ 30 milliard.

Berlin offers exceptional advantages, a unique international infrastructure and an exciting potential for production and service companies.

We have assisted over 600 businesses to establish a location in Berlin. May we also help you to optimise your plans? Our UK office is:

Berlin Economic Development Corporation, Caswell House, Wharf Street, Godalming, Surrey GU7 1NN, Tel. 0483-42 64 00, Fax. 0483-42 68 37.

BERLIN
Economic Development Corporation

WHAT CAN THE RAIN IN IOWA AND THE REIGN IN RUSSIA DO FOR YOUR BOTTOM LINE?

A great deal. Because virtually everything that affects the world affects the agricultural markets. Weather. Politics. Economic events.

Savvy risk managers follow the action with Chicago Board of Trade agricultural futures and options. Where the liquidity of established contracts combines with the excitement of ever-changing markets.

Where opportunity exists with every grain and oilseed contract.

CBOT agricultural futures and options. For a better bottom line from the ground up.

For information on our new ag market strategy books, call 1-800-THE-CBOT, ext. 3300, or 1-312-435-3558, ext. 3300.

Chicago Board of Trade

© 1990, Chicago Board of Trade

INTERNATIONAL COMPANIES AND FINANCE**Stylus maker falls victim to CDs**

By Emilio Terazono in Tokyo

NAGAOKA, a leading Japanese maker of record styluses, yesterday announced it is to be broken up next week.

Sales of styluses have collapsed so quickly since the big consumer electronics groups put their muscle into promoting compact disc players that Nagaoka has not had time to adjust.

In the Japanese market, CDs have soared from a 2.7 per cent share in 1984 to 69.3 per cent last year. Sales of records have tumbled to 3.6 per cent, and they cannot be found in most music shops.

Nagaoka's stylus sales have dropped from a peak of ¥5bn in

1981 to ¥700m in the year to September 30 1989, and all but about 2 per cent of its remaining sales are to overseas markets.

The company said that although it had foreseen the decline in sales, it had not predicted the speed with which CDs would gain ground. It attempted to diversify into the home video distribution business in the mid-1980s, but got in to that area too late.

It fell into loss last year, and after reporting a ¥290m (\$2.15m) pre-tax loss in the six months to March 31 1990, the directors decided the group had to be broken up.

Nagaoka stopped distributing styluses in September. Its formal dissolution will be announced at a stockholders' meeting on December 15.

Despite the havoc that has fallen on them, Nagaoka does not seem bitter. "We are sorry for all the trouble we are causing our customers," it said.

Nagaoka been hit harder by Japanese technological advances than other companies. Until the late 1970s, half its sales came from making parts for analogue watches. Then came Seiko's development of the digital watch which meant that, for a while,

no one wanted hands on their watches.

In 1981, the company decided to back RCA's video disc technology, supplying the US group with pick-ups. But Pioneer produced a laser sensor video disc system, hitting RCA and, with it, Nagaoka.

However, Nagaoka's subsidiary, Yamagata Nagaoka, will continue to manufacture styluses to meet orders, mainly from overseas. "We still expect some demand from overseas, as compact discs are not yet that popular, and we understand that popular 'rap' music relies on the scratching method," the company said.



T. Boone Pickens: raider spurned by Koito

Pickens in revelation over Koito

By Stefan Wagstyl in Tokyo

MR T. Boone Pickens, the Texas corporate raider, has been forced by a change in Japanese law to reveal information about his controversial acquisition of a ¥140bn (\$1.04bn) stake in Koito Manufacturing, a Japanese car parts maker.

He has disclosed the money for the share purchase was borrowed from Mr Kitano Watanabe, the Japanese raider from whom Boone, Mr Pickens' investment company, bought the 26.4 per cent stake.

The disclosure will hurt Mr Pickens' campaign to win board representation at Koito.

Koito spurned Mr Pickens on the grounds that he was not making a full disclosure about his holding and that Mr Watanabe's intentions were hostile. Before he sold his stake to Mr Pickens in March 1989, Mr Watanabe tried to persuade Toyota Motor, the car maker which has close links with Koito, to buy the stock at inflated prices.

A revision in Japan's Securities and Exchange Law, which came into effect on December 1, obliges holders of stakes of 5 per cent or more in listed companies to file details of their investments, including the sources of financing.

Sanwa Bank to seal Chinese joint venture

By Robert Thomson in Tokyo

SANWA BANK, the Japanese bank, will send a delegation to Peking to seal a joint venture agreement for the first joint venture finance company involving foreign banks since the revolution in 1949.

The People's Bank of China, the central bank, has approved the venture involving Sanwa, the Bank of China, the state-run Bank of Communications, and the Hong Kong-based Bank of East Asia, which will each have a 25 per cent stake in the paid-up capital of \$10m.

However, the Chinese central bank has denied a \$10m joint venture involving

the Bank of Tokyo, Société Générale de France, the Shanghai Commercial and Savings Bank, and the state-run Construction Bank by refusing permission for the Japanese bank to participate.

The Bank of Tokyo said it has been punished for opening an office in Taiwan last August, as the People's Republic government is attempting to dissuade foreign banks from developing ties with the island.

The Japanese government was surprised by the decision, and is now encouraging Peking to see the bank as a financial

link between the mainland and Taiwan. A senior Japanese banker said that Bank of Tokyo's exclusion "is very disappointing" and "shows that Taiwan is still a very sensitive political matter in Peking".

Foreign banks have had limited rights to open branches and establish joint ventures in the southern special economic zones, but the new joint venture company - to be called the Shanghai International Finance Company - is the first of its kind in China as a whole.

The company, likely to be established by next spring, is seen as a lead-up to the issuing of branch licences to foreign banks, which, Hong Kong institutions aside, have only been able to operate representative offices on the mainland.

Earlier this year, Shanghai leaders promised that branch licences would soon be issued for their city, but political debate over the matter in Peking is believed to have delayed approval.

Sanwa Bank says the new company will be permitted to deal only in hard currency, and will offer foreign loan services, buy and sell foreign securities, and provide consultancy.

NYSE chief to join the board at Merrill Lynch

By Patrick Harverson in New York

MR JOHN PHELAN, the outgoing chairman of the New York Stock Exchange, is to join the board of Merrill Lynch, the Wall Street securities house announced.

Mr Phelan, who announced his retirement from the NYSE in February, will join Merrill Lynch on January 1.

Mr William Schreyer, the group chairman, said that Mr

Phelan's "extensive experience and expertise in the global financial markets will be an asset to our board".

Merrill Lynch has for long been the largest securities house in the US, with equity capital in 1989 worth \$3.15bn.

Mr Phelan has been with the NYSE for 15 years, the last six and-a-half as chairman and chief executive. He guided the

exchange through the turbulent days of the stock market crash of October 1987 and the mini-crash of 1988.

He has also battled to protect the exchange's position as the leading market for trading shares in the face of opposition from electronic, screen-based markets and calls for an end to the auction-based system of dealing.

Mr Phelan sits on the boards of several US institutions, including Metropolitan Life Insurance and Eastman Kodak.

He is also a member of the President's Advisory Committee on Trade Policy and Negotiations, and is due to become president of the International Federation of Stock Exchanges.

Mr William Donaldson will become chairman of the NYSE.

First Pacific goes to main shareholder for funding

By Angus Foster in Hong Kong

FIRST PACIFIC Company, a marketing, financial services and telecommunications group listed in Hong Kong, is to raise US\$100m over the next two years by issuing convertible participating certificates to one of the company's main shareholders.

The money raised will be used to strengthen First Pacific's capital base and for new investments. The company said the funding has been structured to provide cheaper financing than is presently available. Degraded equity markets, especially in Hong Kong where the company's shares are given a low rating, have prevented First Pacific from seeking new equity funding.

The certificates will be placed to the Salim family of Indonesia, which currently holds about 26 per cent of the ordinary shares. Following full conversion of the certificates, which will take place after five years at the latest, the family's stake will almost certainly increase past 35 per cent.

That is the usual trigger point for a full bid under the Hong Kong takeover code. But the company has secured a waiver under the code, based on certain conditions, including the approval of the proposals at a special general meeting to be held later this month.

Anglo Chinese Corporate Finance is advising First Pacific on the issue. The Salim family has also elected to receive their dividends on the certificates in the form of scrip rather than cash.

A new issue of shares in Yaohan International Caterers, the Hong Kong-based restaurant business of Japanese department store group Yaohan International, has been oversubscribed more than 24 times.

Following the issue, which is set to raise HK\$80m, 25 per cent of Yaohan International Caterers will be publicly owned with the remainder held by Yaohan International and senior management. Dealings are expected to start in Hong Kong next week.

Trafalgar House Results for the year to 30th September 1990

	Year to 30 September 1990	Year to 30 September 1989
Operating Profit	£m	£m
Property and investment	77.4	170.3
Construction and engineering	68.4	57.3
Shipping and hotels	60.5	57.8
	206.3	285.4
Profits before tax	155.7	270.4
Ordinary dividend	18.4p	17.5p
Earnings per share	22.0p	42.8p

- Dividend up 5 per cent to 18.4p.
- Turnover up 7 per cent to record £3.5 billion.
- Developments for sale written down by £95 million.
- Construction and engineering record operating profit of £68 million.
- Shipping and hotels record operating profit of £61 million.
- Profit before taxation £155.7 million after write-down.
- Borrowings of £345 million; gearing reduced to 42 per cent.
- Average cost of borrowing 10 per cent.
- Unutilised committed long term facilities and cash of £700 million.

**TRAFALGAR HOUSE**
PUBLIC LIMITED COMPANY

This advertisement has been approved by Taithe Ross & Co, which is authorised to carry on investment business by the Institute of Chartered Accountants in England and Wales.

EUROPEAN FINANCE & INVESTMENT OVERVIEW

The FT proposes to publish this survey on

January 15 1991.

It will be of particular interest to the 89% of European Institutional Investors who are regular FT readers. If you want to reach this important audience, call Henry Krzymuski on 071 873 3699 or fax 071 873 3079.

FT SURVEYS

RAND MINES LIMITED
(Registration No. 0100558005)
("Rand Mines")

ANNUAL GENERAL MEETING

Notice is hereby given that the ninety-fifth annual general meeting of Rand Mines Limited will be held in the auditorium, lower ground floor, The Corner House, 63 Fox Street, Johannesburg, on Tuesday, 15 January 1991 at 09.00 for the following business:

- To receive the audited Group annual financial statements in respect of the year ended 30 September 1990.
- To elect directors in accordance with the provisions of the company's articles of association.
- To place the unissued shares under the control of the directors in terms of the provisions of the Companies Act, 1973, as amended.

For the purposes of determining those members entitled to attend and vote at the meeting, the register of members of the company will be closed from 7 to 15 January 1991, both days inclusive.

A member entitled to attend and vote at the meeting may appoint one or more proxies to attend, vote, speak and act in his stead. A proxy need not be a member of the company. If required forms of proxy are available from the transfer secretaries in Johannesburg and the United Kingdom registrars and paying agents.

Attention is drawn to the fact that, if it is to be effective, a completed proxy form must reach the transfer secretaries in Johannesburg or the United Kingdom registrars and paying agents at least 48 hours before the time appointed for the holding of the meeting.

The holder of a share warrant to bearer who desires to be represented at the meeting must produce his share warrant or a certificate of his holding from a banker or other approved person at the bearer reception office of the United Kingdom registrars and paying agents at least five days before the date appointed for the holding of the meeting and shall, otherwise, comply with the "Conditions governing share warrants" currently in force. Thereupon, an attendance form or a proxy form under which such share warrant holder may be represented at the meeting will be issued.

By order of the board
RAND MINES (MINING & SERVICES) LIMITED
Secretaries Registered office: United Kingdom Secretaries:
per F. D. W. PEACHEY 15th Floor Viaduct Corporate Services Limited
20th November 1990 The Corner House 40 Holborn Viaduct
63 Fox Street London EC1P 1AJ
Johannesburg 2001

Note:
The 1990 annual report is being posted to registered shareholders today and copies are available from holders of share warrants to bearers from the London Secretaries

Handwritten signature: *محمد علي*

INTERNATIONAL COMPANIES AND FINANCE

Siebe chairman to give up post of chief executive

By Charles Leadbeater, Industrial Editor, in London

MR BARRIE STEPHENS, the chairman of Siebe, the UK controls and specialist engineering group, plans to step down as its chief executive in the near future, amid mounting concern among institutional investors about the wisdom of executives combining both roles.

Mr Stephens, who joined Siebe in 1983 as its general manager, masterminded its dramatic growth in the past decade, taking it from a turnover of £244m in 1980 to £1.3bn (£2.8bn) last year.

His successor had been groomed for some time and plans were in hand to promote other executives to the board, Mr Stephens said yesterday, presenting the group's results for the first half of the year. He said it would not be too long before he became non-executive chairman.

Royal Bank of Canada down 11%

By Bernard Simon in Toronto

ROYAL BANK OF Canada, the country's biggest financial institution, suffered an 11 per cent fall in fiscal 1990 income before Third World loan-loss provisions. Rising corporate and consumer loan losses and tighter interest rate margins more than offset higher fee income.

Net income was C\$964.9m (US\$827.9m), or C\$2.96 a share, in the year to October 31, against C\$529.1m, or C\$1.63, the previous year. The latter figure, however, included a C\$1.1m write-down of troubled Third World loans. No additions to these provisions were made this year.

Excluding the Third World reserves, loan-loss provisions jumped to C\$450m from C\$280m. The increase stemmed entirely from the bank's domestic business, which has suffered from an economy which is now in full recession, from continuing high interest rates and from the impact of the high Canadian dollar on resource industries' export earnings. Corporate loan losses rose by C\$109m, and consumer loans by C\$35m.

Alcatel links up with Aerospatiale

By William Dawkins

ALCATEL SPACE, the space division of the French telecommunications company, and Aerospatiale, the state-owned aerospace group, have agreed to work together in the development and marketing of satellites.

This is the latest in a series of accords across the world satellite industry, but falls a long way short of the merger the partners envisaged when they started talks a year ago. Since then, Alcatel's relations with the French government have been clouded by its parent company's failed attempt to take control of Framatome, the

semi-state-owned producer of nuclear reactors. The pair finally abandoned a satellite merger last month, when they agreed to a different kind of co-operation, in which Alcatel, Aerospatiale and Selenia Spazio, the Italian aerospace group, are to take a joint 49 per cent stake in the satellite business of Loral, the US defence electronics group.

TENDER NOTICE

UK GOVERNMENT ECU TREASURY BILLS

For tender on 11 December 1990

- The Bank of England announces the issue by Her Majesty's Treasury of ECU 1,000 million nominal of UK Government ECU Treasury Bills, to be tendered on Tuesday, 11 December 1990. An additional ECU 50 million nominal of Bills will be allotted directly to the Bank of England.
- The ECU 1,000 million of Bills to be issued by tender will be dated 13 December 1990 and will be in the following maturities:
ECU 300 million for maturity on 10 January 1991
ECU 300 million for maturity on 14 March 1991
ECU 400 million for maturity on 13 June 1991
- All tenders must be made on the printed application forms available on request from the Bank of England. Completed application forms must be lodged by hand, at the Bank of England, Securities Office, Threadneedle Street, London not later than 10.30 a.m., London time, on Tuesday, 11 December 1990. Payment for Bills allotted will be due on Thursday, 13 December 1990.
- Each tender at each yield for each maturity must be made on a separate application form for a minimum of ECU 500,000 nominal. Tenders above this minimum must be in multiples of ECU 100,000 nominal.
- Tenders must be made on a yield basis (calculated on the basis of the actual number of days to maturity and a year of 360 days) rounded to two decimal places. Each application form must state the maturity date of the Bills for which application is made, the yield bid and the amount tendered for.
- Notification will be despatched on the day of the tender to applicants whose tenders have been accepted in whole or in part. For applicants who have requested credit of Bills in global form to their account with Euro-clear or CEDEL, Bills will be credited in the relevant systems against the tender. For applicants who have requested definitive Bills, Bills will be available for collection at the Securities Office of the Bank of England after 1.30 p.m. on Thursday, 13 December 1990 provided cleared funds have been credited to the Bank of England's ECU Treasury Bills Account No. 59005512 with Lloyds Bank Plc, International Banking Division, PO Box 19, Hays Lane House, 1 Hays Lane, London SE1 2HA. Definitive Bills will be available in amounts of ECU 10,000, ECU 50,000, ECU 100,000, ECU 500,000, ECU 1,000,000, ECU 5,000,000 and ECU 10,000,000 nominal.
- Her Majesty's Treasury reserve the right to reject any or part of any tender.
- The arrangements for the tender are set out in more detail in the Information Memorandum on the UK Government ECU Treasury Bill programme issued by the Bank of England on behalf of Her Majesty's Treasury on 28 March 1989, and in supplements to the Information Memorandum. All tenders will be subject to the provisions of that Information Memorandum (as supplemented).
- The ECU 50 million of Bills to be allotted directly to the Bank of England will be for maturity on 13 June 1991. These Bills may be made available through sale and repurchase transactions to the market makers listed in the Information Memorandum (as supplemented) in order to facilitate settlement.
- Copies of the Information Memorandum (and supplements to it) may be obtained at the Bank of England. UK Government ECU Treasury Bills are issued under the Treasury Bills Act 1877, the National Loans Act 1968 and the Treasury Bills Regulations 1988 as amended.

Bank of England
4 December 1990

NCR reacts strongly to hostile bid from AT&T

By Alan Friedman in New York

NCR, the Ohio computer company that is the target of a \$6bn hostile takeover offer from American Telephone & Telegraph (AT&T), yesterday reacted strongly to the unsolicited bid and said it was examining alternatives to a combination with AT&T.

Mr Charles E. Easley, chairman of NCR, accused AT&T of using "the pressure tactics of the 1930s" and termed these "actions more suited to a corporate raider than a responsible corporate citizen."

In a strongly-worded letter to Mr Robert Allen, AT&T chairman, Mr Easley disputed what he called AT&T's "misleading characterisation" of events, adding that the history of mergers in the computer industry was a history of disasters.

"The acquisition of NCR by AT&T would only add to a list of failures," Mr Easley declared.

The NCR chief said AT&T's public announcement had caused disruption and had wiped more than \$2bn in market value off AT&T even though it had produced a gain of \$1.6bn in NCR's value on Wall Street.

"Your clearly hostile attack, your threats, your ultimatums and public pressure tactics can hardly be expected to create a feeling of confidence in AT&T on the part of NCR people," Mr Easley said.

In an interview with the Financial Times, Mr Easley repeated that he had received "expressions of interest" in NCR from other companies. These were understood to have come from both US and foreign companies.

Mr Easley conceded that Wall Street's conviction appears to be that NCR can run, but will not be able to hide from AT&T.

NCR's share price rose yesterday morning a further 3 1/2% to \$94, bringing it closer to the \$90 stock-for-stock AT&T offer.

AT&T yesterday said it hoped it can conclude "a friendly transaction" before its deadline for the \$90 a share offer expires at the close of business today.

If, as is expected, the board of NCR rejects the offer, AT&T is likely to consider a range of options, including a cash rather than paper offer, possibly in the form of a public tender.

Mr Easley said the NCR board would hold a telephone conference call this morning to decide on AT&T's offer.

He noted that NCR board members would be speaking on AT&T long-distance lines.

Mr Easley said the NCR board would hold a telephone conference call this morning to decide on AT&T's offer.

Trafalgar House profits down 42%

By Andrew Taylor, Construction Correspondent, in London

THE share price of Trafalgar House, the UK construction, property, shipping and hotels group, rose sharply yesterday as the stock market showed its relief that the company had not cut its final dividend, despite a 42 per cent fall in profits.

It is maintaining its final dividend at 9.8p making a total of 18.4p for the year - an increase of 5 per cent. It has transferred £25.4m from reserves to pay the dividend increase.

Mr Eric Parker, group chief executive, said: "We have taken a long-term view of our business. We have not been thrown off course by what we regard as a temporary recession in the UK and US."

Residential and commercial property profits fell by more than half from £170m to £77m during the previous 12 months. Trafalgar said it sold 2,500 homes in the UK, compared with 3,400 the previous year.

Freeport plans shares buy-back

By Kenneth Gooding, Mining Correspondent, in London

FREEPORT-McMORAN, the New Orleans-based natural resources group, is to buy back \$283.4m worth of its own shares - representing 13 per cent of its outstanding equity - from Fund America.

In contrast, another metals producer, Reynolds Metals, second-largest US aluminium group, says it might raise \$250m of new debt.

Freeport will buy its shares at \$34.75 each and initially pay for them by debt funding so it must first obtain approval for the deal from its bankers.

However, it said that proceeds from the sale of part of its oil and gas business will be used to pay for the share buy-back.

American General receives two bids for insurance unit

By Nikki Tait in New York

AMERICAN GENERAL, the large US insurance and financial services group, said yesterday it had received two bids for its Home Service insurance division but that no buyer was interested in acquiring the entire group.

American General effectively put itself up for sale in May, hoping to attract a price tag of more than US\$7bn for all its operations.

PWA seeks \$175m aircraft leaseback deal

By Nikki Tait in New York

PWA, parent of Canadian Airlines International, is negotiating a US\$175m forward sale-and-leaseback deal with a group of international banks, following problems with a US\$650m equipment sale to the Soviet Union's Aeroflot, writes Robert Gibbons in Montreal.

Ten Airbus 310 aircraft were to have been sold to a leasing subsidiary of Aeroflot, but then resold to Aeroflot and then resold to Aeroflot. Deliveries were to extend to 1992, but Aeroflot could not find the hard currency.

The move came after a bid battle and then a proxy battle with the much smaller Torchmark company. American General won, but said it was seeking to make an offer for Home Service, also refused to discuss whether it was among the bidders.

"We believe they [American General] should announce who the bidders are when they feel comfortable," it said.

Canadian Airlines was to have used the funds to repay debt. It now says it is trying to sell three of the aircraft to the banking group and to lease them back until 1992 when the Soviet deal might be cleared. In this way it would get about US\$175m in cash immediately.

But BHF still expected to produce satisfactory results in 1990. A rise in interest and commission earnings in the first 10 months meant that earnings were based on "solid foundations".

Berjaya plans shake-up centred on lottery unit

By Lim Siong Hoon in Kuala Lumpur

BERJAYA, a Malaysian conglomerate which expanded rapidly 18 months ago by a series of acquisitions, is to restructure its diversified holdings.

AHP to reduce stake in Wyeth Laboratories of India

By Kunal Bose in Calcutta

AMERICAN HOME PRODUCTS (AHP), the US drugs and foods group, is to cut its 74 per cent holding in Wyeth Laboratories of India to 40 per cent.

Atlas Copco AB

(Incorporated in Sweden with limited liability; Registered no. 556014-2720)

Application has been made to the Council of The International Stock Exchange in London for all the A shares and all the B shares of Atlas Copco AB to be admitted to the Official List and dealings on The International Stock Exchange are expected to commence on 10th December, 1990.

Atlas Copco AB is the Swedish parent company of an international mechanical engineering group whose principal activities are the development, manufacture and distribution of products and systems in the areas of compressors, rock drilling and excavation equipment and industrial tools and automation.

The following table sets out the share capital of Atlas Copco AB as at the date hereof:

	Number of shares	Nominal value (SEK)
A shares of nominal value SEK 25 each	23,468,430	586,710,750
B shares of nominal value SEK 25 each	11,820,166	295,504,150
	35,288,596	882,214,900

Listing Particulars relating to Atlas Copco AB are available in the Companies Fiche Service of The International Stock Exchange. Copies of the Listing Particulars may be obtained by collection only during normal business hours (Saturdays and public holidays excepted) up to and including 7th December, 1990 from the Company Announcements Office, The International Stock Exchange, 46/50 Finsbury Square, London EC2A 1HD, and up to and including 19th December, 1990 from Atlas Copco AB, Sickla Industriväg 3, Nacka, S-105 23 Stockholm, Sweden and from:

SPONSOR AND BROKER TO THE INTRODUCTION:

Enskilda Securities

Skandinaviska Enskilda Limited

25 Finsbury Square, London EC2A 1DS

This advertisement is issued in compliance with the regulations of the Council of The International Stock Exchange. It does not constitute an invitation to any person to subscribe for or otherwise acquire any shares in Atlas Copco AB.

5th December, 1990

HK Realty climbs 4.6%

By Angus Foster in Hong Kong

HONG KONG Realty and Trust, part of the Hong Kong-based World International group founded by Sir Yue-kong Pao, yesterday announced profits before extraordinary items up 4.6 per cent to HK\$158.4m (US\$20.3m) in the six months to end-September.

The company, which is mainly involved in property investment, will pay an unchanged dividend of 10.5 cents per A share and 2.1 cents per B share.

The company said the weak state of the office property market in Hong Kong's business district of Central, where rents have been slipping, will affect its properties in the area but buildings in other parts of Hong Kong are expected to improve their contributions in the second half of this financial year.



JP Pacific Warrant Company S.A.

Société Anonyme Registered Office: 2, Boulevard Royal, L-2449 Luxembourg

NOTICES OF

- an adjourned extraordinary general meeting (the "EGM") of the holders of Ordinary Shares and holders of Preference Shares in JP Pacific Warrant Company S.A. (the "Company");
- an adjourned separate class meeting of the holders of Ordinary Shares in the Company (the "Ordinary Shares Class Meeting");
- an adjourned separate class meeting of the holders of Preference Shares in the Company (the "Preference Shares Class Meeting").

as the quorum required by law was not reached at the EGM and at the Separate Class Meetings of the Ordinary Shareholders and of the Preference Shareholders called for the 16th November, 1990.

Notices for adjourned Meetings are hereby given as follows:

The EGM is to be held at the registered office of the Company on 4th January, 1991 at 3:00 p.m.

The Ordinary Shares Class Meeting is to be held at the registered office of the Company on 4th January, 1991 at 3:30 p.m.

The Preference Shares Class Meeting is to be held at the registered office of the Company on 4th January, 1991 at 4:00 p.m.

The purpose of all three meetings will be to consider separately, and if thought fit, to pass the following resolution which will be proposed as a special resolution:

THAT, conditional on the passing of the Resolutions to be proposed at the separate class meetings of holders of Ordinary Shares and holders of Preference Shares convened for 4th January, 1991:

- the authorised share capital of the Company be and it is hereby increased by the creation of a further 2,500,000 Ordinary Shares;
- the issue by the Company of 1,250,000 new Ordinary Shares of a par value of United States Dollars two (U.S.\$2) each on the first business day in London and Luxembourg following the Record Date (as defined below) (the "Closing Date") by the capitalisation of United States Dollars two million five hundred thousand (US\$2,500,000) of the realised profit of the Company for the year ended 30th June, 1990 be and it is hereby approved, such new Ordinary Shares to be issued to holders of Ordinary Shares in registered form on the register of members of the

Company at the close of business on 7th January, 1991 (or, in the event any of the necessary Meetings are adjourned, on the first business day in London and Luxembourg following the passing of all of the necessary resolutions at such Meeting(s)) (the "Record Date") and to holders of Ordinary Shares in bearer form against production of coupon(s) in respect of such bearer Ordinary Shares in such manner as the Board shall prescribe, in each case in the ratio of one new Ordinary Share for every four Ordinary Shares in registered form so held and/or (as the case may be) every four Ordinary Shares in bearer form in respect of which coupon(s) is/are produced, all as more particularly set out in the Circular; and

- the issue by the Company of 1,250,000 Warrants having the rights and being subject to the conditions set out in Part II of the circular letter to holders of Ordinary Shares and Preference Shares in the Company dated 25th October, 1990 (the "Circular") on the Closing Date be and it is hereby approved, and that such Warrants be issued to holders of Ordinary Shares in registered form on the register of members of the Company at close of business on the Record Date and to holders of Ordinary Shares in bearer form against production of coupon(s) in respect of such bearer Ordinary Shares in such manner as the Board shall prescribe, in each case in the ratio of one Warrant for every four Ordinary Shares in registered form so held and/or (as the case may be) every four Ordinary Shares in bearer form in respect of which coupon(s) is/are produced, all as more particularly set out in the Circular.

The EGM will consider further amendments to the Articles of Incorporation which are required to be made as a direct result of legislative changes in Luxembourg whilst other amendments reflect the decision of the Board of Directors of the Company to update the Articles of Incorporation.

The wording of the proposed amendments is available on request to the Company.

In summary, the amendments contemplate:

- to provide for an unlimited life of the Company;
- to amend the Articles to reflect the changes in the authorised and issued share capital of the Company pursuant to resolution;

- to provide for how the Net Asset Value of the Company should be determined and to what extent the issue of the Warrants will be taken into account to reflect the Net Asset Value of the Ordinary Shares on a diluted basis;
- to further define the liabilities to be deducted in calculating the Net Asset Value of the Company;
- to rule the circulation of copies of the Directors' reports, balance sheet, profit and loss account of the Company to shareholders;
- to determine the provisions for the election of the Chairman of the meeting of shareholders;
- to define the authority of the Board to determine the corporate and investment policy and the course of conduct of the management and business affairs of the Company;
- to delete the reference to a statutory auditor and qualifying shares for the Directors, which requirement has been removed by recent legislative change.

By order of the Board of Directors,
Jean-Michel Gelley,
Secretary Dated 4th December, 1990

NOTE:

- In order to be carried, a special resolution should be passed by a majority of not less than 2/3 of the shares represented at the EGM or at the respective Class Meetings.
- A shareholder is entitled to appoint a proxy to attend and vote instead of him. A person appointed to act as a proxy need not be a shareholder. To be valid, the Proxy must be in respect of Ordinary Shares and Preference Shares in bearer or registered form should be returned to the office of the Registrar, Banque Internationale à Luxembourg S.A., at 2, Boulevard Royal, Luxembourg, and blue Forms of Proxy in respect of Ordinary Shares and Preference Shares in registered form only should be returned to the office of Barclays Bank, 10, Broad Street, London, EC4A 3DF, in each case so as to arrive not later than five days before the time of the Meeting at which the proxy is to vote. In order to be entitled to vote at the Meetings either in person or by proxy, holders of Ordinary Shares and Preference Shares in bearer form must in addition deposit the certificates in respect of their Ordinary Shares and Preference Shares with the Registrar at the above address, at the latest at the close of business on Wednesday the 2nd January, 1991.

Sanwa in US deal to form takeover boutique

By Martin Dickson in New York

SANWA, the large Japanese bank, is joining forces with Mr Michael Duval, a former senior executive at First Boston, the US investment bank, to form a New York-based takeover advisory boutique.

The deal is the latest investment by Japanese financial houses in Wall Street expertise, which have been at large US securities businesses and smaller boutiques.

The new investment bank, to be called Sanwa Duval, will strongly emphasise international deals and take the form of a partnership owned by the Japanese bank, Mr Duval and others. Sanwa, the world's fifth largest commercial bank, is committing \$30m of capital to the venture, which will take on the merger and acquisition business currently carried out by Sanwa's merchant banking group in New York and Los Angeles. Initially it will have a staff of 15 to 20.

Mr Duval, who resigned from First Boston last July, was a member of the company's management committee and played a large role in negotiating its merger in 1988 with London-based Credit Suisse First Boston. He has also had experience of industry and government: he spent seven years in senior positions at the Federal Reserve Bank, and six years in the White House in the early 1970s.

Mr Duval said that, unlike some rival firms, Sanwa Duval would not be forming a fund to make investments as a principal player, since it believed this could create conflicts of interest with clients.

He added that the new firm was a response to changes in the financial climate following the "buy-out frenzy" of the 1980s, when "investment bankers were more interested in shuffling assets than in strategic relationships". In the 1990s, the emphasis would be on building long-term relationships as companies carried out strategic deals on a global basis.

Treasuries rise on rumour of Iraqi Gulf peace plan

By Patrick Harverson in New York and Simon London in London

AN UNCONFIRMED report that Iraq had proposed a plan for pulling its troops out of Kuwait pushed bond prices higher in frantic late trading yesterday. Earlier, the Federal Reserve's unexpected decision to lower its reserve requirements on some bank deposits had helped bonds get off to a good start.

The benchmark 30-year Treasury issue finished half a point higher at 104 1/2, yielding 8.320 per cent. Short-term bonds also made moved up, the two-year issue advancing 1/8 to 98 1/2, to yield 7.443 per cent.

The morning announcement by the Fed that over the coming weeks it will reduce the reserve requirement on non-personal time deposits and net Eurocurrency liabilities from 3 per cent to zero - in effect, helping banks reduce the cost of funds and giving them more room to cut borrowing rates - provided the biggest boost to short-term rates. Three-

GOVERNMENT BONDS

month, six-month and one-year Treasury bills gained roughly 25 basis points on the news.

The Fed's decision to reduce reserve requirements - the first such change since 1985 - should not be regarded as an easing of monetary policy, said Mr Bob Brusca, bonds analyst at Nikko Securities. He believes yesterday's change will prove to be a substitute for the reserve add that the Fed would normally undertake during December, and thus will not represent a net injection of reserves into the system.

However, the Fed's actions, Brusca said, were seen by the market as "friendly". If Friday's employment data are as gloomy about the economy as predicted, then the authorities will come under strong pressure to ease monetary conditions further.

GERMAN government bonds moved lower yesterday, following indications that the Bundesbank may be prepared to see a rise in money market interest rates.

The downward trend was led by the future market, where the March futures contract closed at 82.66 after opening at 83.05. Volume was a heavy 70,000 contracts.

In the cash market, the 8 1/4

BENCHMARK GOVERNMENT BONDS									
	Coupon	Red Date	Price	Change	Yield	Week	Month	Year	YTD
UK GILTS	10.500	03/02	103-20	+0.03	11.19	11.19	11.23	11.23	11.23
	9.000	10/08	100-08	+0.02	10.88	10.88	10.88	10.88	10.88
US TREASURY	8.500	11/01	102-05	+0.02	8.17	8.17	8.24	8.24	8.24
	6.750	08/20	104-18	+0.02	8.33	8.33	8.33	8.33	8.33
JAPAN	No 119	08/98	98.7489	+0.00	7.26	7.26	7.26	7.26	7.26
	No 129	03/03	98.5308	+0.00	7.01	7.01	7.01	7.01	7.01
GERMANY	8.000	10/00	100.8000	-0.450	8.87	8.87	8.87	8.87	8.87
FRANCE	8.000	11/95	95.7550	-0.218	10.12	10.12	10.12	10.12	10.12
NETHERLANDS	8.000	03/01	98.6000	-0.300	10.58	10.58	10.58	10.58	10.58
CANADA	10.000	03/01	100.8500	-0.320	8.11	8.11	8.11	8.11	8.11
AUSTRALIA	6.250	07/00	104.8894	-	12.10	12.30	12.30	12.30	12.30
BELGIUM	10.000	08/00	100.1000	-0.250	8.73	8.73	8.73	8.73	8.73

London closing. *Denotes New York closing. Prices: US, UK in 32nds, others in decimals. Yields: Local market standard.

Technical Data/ATLAS Price Source

per cent 10-year Bund closed at 97.75 for a yield of 8.88 per cent, against 97.95 on Monday.

The Bundesbank yesterday announced that it would be returning to variable-rate repurchase operations, the mechanism by which it supplies liquidity to the money market. When the Lombard rate was raised to 8 1/4 per cent last month, the Bundesbank said that it would maintain the repurchase rate at 8 per cent. Many in the market now expect money market interest rates to rise to about 9 per cent.

The Bundesbank also yesterday issued the first portion of a 2 1/2 per cent 10-year Bund via a consortium of banks. The paper was priced at 100.70, to yield 8.77 per cent.

Today, the second half of the issue will be made by auction. Analysts are expecting the total size of the issue to amount to DM6bn. However, there are some doubts about the level of retail interest that the new bund will attract, given that the last bund issue carried a 9 per cent coupon.

The heavy volume of trading on the futures market was the highest since the bank cautiously hedging their holdings of the new paper.

JAPANESE government bonds were little changed in Tokyo trading, despite continued weakness of the yen on the foreign exchange markets.

The benchmark government bond issue No 119 closed in Tokyo on a yield of 7.34 per cent, against 7.33 per cent at Monday's close.

There was little reaction to the announcement of gross

national product statistics, which showed a 4.1 per cent rate of growth year on year for the third quarter of the year, against 5.5 per cent for the second quarter.

The figures suggest that the government has little room for cut in interest rates in the near future.

UK government bonds closed slightly higher after a day of mixed trading, with the market lacking a clear direction and being led by the performance of sterling on the foreign exchange markets. Yesterday, sterling fell below DM2.85, and closed in London at DM2.855.

The benchmark 11 1/2 per cent gilt maturing 2003/2007 closed the day at 106 1/4 for a yield of 10.75 per cent, after opening at 106 1/4.

YIELDS in all government bond markets, with the exception of Italy, edged downwards during November, according to the J.P. Morgan government bond index.

The biggest fall was seen in the Australian market, where government bonds gave a return of 3.78 per cent during the month, measured in local currency terms. Australian government bonds have given a return of more than 16 per cent in the year to date.

However, the UK gilt market also performed strongly, registering a 3.47 per cent return over the past month and an 8 per cent return in the past three months - the highest of any government bond market over the period. In dollar terms, UK government bonds have given a return of 10.84 per cent in the last quarter.

JP Morgan launches two indexes

By Stephen Fidler, Euromarkets Correspondent

J.P. MORGAN yesterday introduced two indexes for international investors: an international government bond index hedged against currency movements; and a cash index to monitor the relative returns on Eurocurrency deposits.

The monthly J.P. Morgan Currency-Hedged Government Bond Index will measure performance of 11 government bond markets hedged into 15 currencies using one and three-month forward currency contracts.

The J.P. Morgan Cash Index will cover Eurocurrency deposits in five maturities for 11 countries and will be reported in 15 currencies.

Morgan said the indexes were meant to round out its daily government bond index, which covers the performance of unhedged government bond markets and was introduced a year ago.

UK building society in £25m CP programme

By Simon London

STAFFORDSHIRE Building Society has signed a £25m commercial paper programme, arranged by National Westminster Capital Markets.

NatWest is also sole dealer on the programme, which allows the borrower to issue paper in maturities between seven and 364 days.

Swiss Bank Corporation has arranged a £150m commercial paper programme for Nederlandse Gasunie, the Dutch gas company, allowing the issue of paper of maturities between two weeks and two years. Paper issued under the programme will be on a deep-discount basis.

The programme will not be rated, but Gasunie has a P1/A1 rating from the two main US credit-rating agencies for its existing dollar commercial paper programmes.

The Government Insurance Office of New South Wales, Australia, yesterday signed a multi-currency Euro-commercial paper programme worth A\$200m, AP-DJ reports from Sydney.

According to the arranger, ANZ McCaughan Securities (Asia), the notes are non-interest bearing in global or definitive form.

Definitive notes will be issued in denominations of A\$250,000 or the equivalent in alternate currencies.

FT/ABSD INTERNATIONAL BOND SERVICE

Listing are the latest international bonds for which there is an adequate secondary market. Closing prices on December 4

Issue	Par	Offer	Yield	Issue	Par	Offer	Yield
ALBERTA PROVINCIAL 1985	100	98 1/2	8.15	ALBERTA PROVINCIAL 1985	100	98 1/2	8.15
ALBERTA PROVINCIAL 1985	100	98 1/2	8.15	ALBERTA PROVINCIAL 1985	100	98 1/2	8.15
ALBERTA PROVINCIAL 1985	100	98 1/2	8.15	ALBERTA PROVINCIAL 1985	100	98 1/2	8.15
ALBERTA PROVINCIAL 1985	100	98 1/2	8.15	ALBERTA PROVINCIAL 1985	100	98 1/2	8.15
ALBERTA PROVINCIAL 1985	100	98 1/2	8.15	ALBERTA PROVINCIAL 1985	100	98 1/2	8.15
ALBERTA PROVINCIAL 1985	100	98 1/2	8.15	ALBERTA PROVINCIAL 1985	100	98 1/2	8.15
ALBERTA PROVINCIAL 1985	100	98 1/2	8.15	ALBERTA PROVINCIAL 1985	100	98 1/2	8.15
ALBERTA PROVINCIAL 1985	100	98 1/2	8.15	ALBERTA PROVINCIAL 1985	100	98 1/2	8.15
ALBERTA PROVINCIAL 1985	100	98 1/2	8.15	ALBERTA PROVINCIAL 1985	100	98 1/2	8.15

FLIGHTING RATE NOTES

Issue	Par	Offer	Yield	Issue	Par	Offer	Yield
ALBERTA PROVINCIAL 1985	100	98 1/2	8.15	ALBERTA PROVINCIAL 1985	100	98 1/2	8.15
ALBERTA PROVINCIAL 1985	100	98 1/2	8.15	ALBERTA PROVINCIAL 1985	100	98 1/2	8.15
ALBERTA PROVINCIAL 1985	100	98 1/2	8.15	ALBERTA PROVINCIAL 1985	100	98 1/2	8.15
ALBERTA PROVINCIAL 1985	100	98 1/2	8.15	ALBERTA PROVINCIAL 1985	100	98 1/2	8.15
ALBERTA PROVINCIAL 1985	100	98 1/2	8.15	ALBERTA PROVINCIAL 1985	100	98 1/2	8.15
ALBERTA PROVINCIAL 1985	100	98 1/2	8.15	ALBERTA PROVINCIAL 1985	100	98 1/2	8.15
ALBERTA PROVINCIAL 1985	100	98 1/2	8.15	ALBERTA PROVINCIAL 1985	100	98 1/2	8.15
ALBERTA PROVINCIAL 1985	100	98 1/2	8.15	ALBERTA PROVINCIAL 1985	100	98 1/2	8.15
ALBERTA PROVINCIAL 1985	100	98 1/2	8.15	ALBERTA PROVINCIAL 1985	100	98 1/2	8.15

CONVERTIBLE BONDS

Issue	Par	Offer	Yield	Issue	Par	Offer	Yield
ALBERTA PROVINCIAL 1985	100	98 1/2	8.15	ALBERTA PROVINCIAL 1985	100	98 1/2	8.15
ALBERTA PROVINCIAL 1985	100	98 1/2	8.15	ALBERTA PROVINCIAL 1985	100	98 1/2	8.15
ALBERTA PROVINCIAL 1985	100	98 1/2	8.15	ALBERTA PROVINCIAL 1985	100	98 1/2	8.15
ALBERTA PROVINCIAL 1985	100	98 1/2	8.15	ALBERTA PROVINCIAL 1985	100	98 1/2	8.15
ALBERTA PROVINCIAL 1985	100	98 1/2	8.15	ALBERTA PROVINCIAL 1985	100	98 1/2	8.15
ALBERTA PROVINCIAL 1985	100	98 1/2	8.15	ALBERTA PROVINCIAL 1985	100	98 1/2	8.15
ALBERTA PROVINCIAL 1985	100	98 1/2	8.15	ALBERTA PROVINCIAL 1985	100	98 1/2	8.15
ALBERTA PROVINCIAL 1985	100	98 1/2	8.15	ALBERTA PROVINCIAL 1985	100	98 1/2	8.15
ALBERTA PROVINCIAL 1985	100	98 1/2	8.15	ALBERTA PROVINCIAL 1985	100	98 1/2	8.15

STRAIGHT BONDS: The yield is the yield to redemption of the 30-day price; the amount issued is in millions of currency units. Chg. day=Change on

FLIGHTING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown in minimum. Spread=margin above straight

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Chg. price=Nominal amount of bond above straight

© The Financial Times Ltd. 1990. Reproduction in whole or in part in any form not permitted without written consent.

Data supplied by Association of International Bond Dealers.

JAPAN LEASING INTERNATIONAL B.V.
US\$ 50,000,000
Term Loan Facility
Guaranteed by
JAPAN LEASING CORPORATION

Arranged by
The Long-Term Credit Bank of Japan (Europe) S.A.
Lead-Managed by
The Korea Development Bank
The Long-Term Credit Bank of Japan (Europe) S.A.
Managed by
Banko Central S.A. (Spain), Brussels Branch
Banque de Caisse d'Epargne de l'Etat, Luxembourg
Central-European International Bank Ltd., Budapest
Participant
Tat Lee Bank Limited, Singapore

Agent
UTCB
The Long-Term Credit Bank of Japan (Europe) S.A.

Bank of Ireland
U.S. \$300,000,000
Undated Variable Rate Notes
Notices are hereby given that the Rate of Interest has been fixed at 9.3125%, and that the interest payable on the relevant Interest Payment Date March 5, 1991 against Coupon No. 6 in respect of US\$100,000,000 of the Notes will be US\$2,226.13.
December 5, 1990, London
By: Citibank, N.A. (CSC) Dept., Agent Bank
CITIBANK

FREE ADMISSION: BUSINESS INFORMATION EXHIBITION
Online Information 90
Olympia 2, London
11 - 13 December 1990
Open 10.00-5.00 (10.00-12.00 10.30-5.00) (12.00-12.30 10.30-5.00)
Visit the Business Information Trail at the World's largest information show.
Essential to your business! Learn to reduce costs with business, financial and economic information available instantly from leading suppliers.
Free entrance with this ad.
Information: Learned Information 0855 730 275

BBA Group PLC has purchased Texstar Inc.
(a subsidiary of the Hillman Company)
J.G. Ewing & Associates initiated this transaction and assisted in negotiations.
500 North Dearborn, #916
Chicago, IL 60610,
(312) 661-0420

U.S. \$45,000,000 Oxford Acceptance Corporation II
Floating Rate Notes due December 1993
Notices are hereby given that the Rate of Interest has been fixed at 8.25% p.a. and that the interest payable on the relevant Interest Payment Date, June 5, 1991, against Coupon No. 9 in respect of U.S. \$500,000 nominal of the Notes will be U.S.\$20,854.17.
December 5, 1990, London
By: Citibank, N.A. (CSC) Dept., Agent Bank
CITIBANK

TELEPHONE: 071-828 7233
FIVE 100 WALL STREET
Dec. 21/27-18 Dec. 25/31-4
Mar. 22/28-18 Mar. 25/31-3
Spot Prices. Change from previous 5pm close
IG
HOW WELL DID YOU JUDGE THE MARKET?

BLR FUSIONES Y ADQUISICIONES, S.A.
DOING M&A IN SPAIN
BLR is a group of professionals interested in establishing agreement and/or avenues for collaboration with M&A intermediaries in other countries clients who:
● are interested in taking an equity position in Spanish companies.
● may have an acquisition opportunity for a Spanish buyer on a controlling or minority basis, or who.
● seek to establish other types of business relationships such as joint ventures or the cross-selling of shares.
BLR is a Spanish firm specialising in the local M&A markets supported by a strong team of professionals well established in

INTERNATIONAL CAPITAL MARKETS

How to earn \$10m a year at 29

Deborah Hargreaves on a trader who changes his shirt four times a day

MANY traders in the world's fast-moving futures markets have their lucky charms to bring them good fortune. Some wear the most outrageous ties; others go through the same rituals before starting work.

Mr Angelos Michalopoulos, a New York trader, takes these rituals one step further. He isolates himself from the rest of the world to give his trading system a chance.

He has no Reuters screen in his cabin-like office, but is faced with banks of computers showing price movements for 45 markets across the world. He reads the newspapers a day late and does not watch TV.

"I don't care about the fundamental reasons why the market is moving, but I want to know how it reacts to news," he says.

Mr Michalopoulos' system is working. At 29, he has become one of New York's most successful individual traders, and earns more than \$10m a year for himself.

He is impeccably groomed and soft-spoken. Mr Michalopoulos is the antithesis of the popular image of the loud, flashy



cess and made an exhaustive study of back copies of The Wall Street Journal to discover why businesses had failed in the past. "The thing they have in common is that they seem to believe they've found the Holy Grail. They stick to one market and one method. The only solution is to diversify into so many markets that a major fall in one or two cannot destroy your capital."

With this in mind, he has spread his trading across most of the world's futures markets, in which he trades everything from Treasury bonds to soybeans. He is now moving his operation to London.

"Futures was a US game, but now I think Europe will start to show its strength. In the US, the creation of new contracts has slowed down, but here it's just beginning to take off."

He began his trading career in 1984 when he moved into the Treasury bond futures market with \$20,000. In the first year, he lost \$23,000. After that, he began to make money. He came top in a recent US championship for young traders.

The trading system he uses is simple and similar to that

used by many others. His success is based on the application of an iron will to remove emotion from decision-making.

"The problem with emotion is, when you're in a losing position and you start to sweat, you've got to stick to the plan. You've got to have the mental elasticity to stick it out." Though admitting to the need to change his shirt four times a day, he prides himself on controlling his feelings. "If I don't control them I will lose."

Mr Michalopoulos works on recognising the trading patterns made by different futures traders. He takes many short-term positions, often putting on as many as 60 to 70 trades a day. His concentration must be unerring over a 10 or 11-hour trading day.

He is initially moving his operation to London to keep his night-time trading, and plans to take on a couple of people who will be active in the oil futures and foreign exchange markets, continuing his trading strategy once the New York exchanges are closed. Later, he himself plans to trade in London and on other European exchanges.

Paris broker plans to lay off 74 of its 81 staff

FORMER independent Paris brokerage Gorgeu-Perruvel-Krueger (GPK), taken over last month by Credit Lyonnais, which is controlled by Credit Lyonnais, plans to lay off 74 of its 81 staff, the company's employees' committee said, Reuters reports from Paris.

Paris brokerages have been under severe pressure since the takeover, particularly vulnerable to the ending of fixed commissions and increasing competition.

Tufter-Ravet-Py, another independent brokerage, went bankrupt this summer and was taken over by Altus Finance, another Credit Lyonnais unit, and Copeger. There are four independents left.

● TONGYANG SECURITIES of South Korea and Yamaichi Securities of Japan have agreed in principle to set up a joint-venture brokerage house in London early next year with a total capital of \$20m, AP-DJ reports from Seoul.

Mitsubishi Corp in UK link

By Tracy Corrigan

MITSUBISHI Corporation, Japan's largest trading company, has become a limited partner of Phoenix Securities, the London-based corporate finance specialist. Under the agreement, signed yesterday, Mitsubishi is acquiring a 20 per cent interest in the firm through a capital injection. The amount is undisclosed.

The firms plan to co-operate in generating and executing corporate finance transactions between Japan and Europe.

"Where we have clients with a Japanese connection we will go to Mitsubishi in Tokyo, on a preferred basis," says Mr Martin Smith of Phoenix.

For Phoenix, which has specialised in advising the financial services industry, the move provides "an opportunity to diversify into other areas of corporate finance," says Mr Smith. The European banking sector and the insurance market are targets for Phoenix, which will remain independent.

Both companies defy traditional classification in the corporate finance market, which has been dominated by large investment banks.

Phoenix, a corporate advisory business specialising in the financial sector, was set up in 1982 by John Craven, who went on to become chairman of Morgan Grenfell. During the mid-1980s, the firm advised jobbers and stockbrokers during the rash of acquisitions precipitated by the Big Bang. In 1987, the firm was acquired by Morgan Grenfell although it continued to function as an independent business. Earlier this year, it was bought back by three senior partners, Mr Philip Sears, Mr Martin Smith and Mr David Reid Smith.

Mitsubishi, originally a trading company, has diversified into a broad range of industries and businesses, as well as creating its own financial services division and a corporate finance operation.

Not only is Mitsubishi free from the control of regulators, it also frequently acts as a co-investor, alongside its corporate finance clients.

Because of its position at the centre of a large group of companies, Mitsubishi has contact with more than 30,000 companies.

Although the pace of corporate activity is expected to slow, as the world economy enters recession, Japanese/Russian transactions are likely to become more important, believes Mr Osamu Ebihara of Mitsubishi.

As well as an injection of capital to acquire a 20 per cent interest in Phoenix, Mitsubishi is also providing \$10m as a loan towards building a direct investment business. Phoenix, taking the view that the financial services industry is due for another period of adjustment and reorganisation, will be geared towards investing in restructurings such as small management buy-outs.

Rush for Guinness debut issue

By Tracy Corrigan

UK BREWER Guinness plans to be an "occasional but regular issuer", according to Mr Ian Scott, director of treasury, following a successful debut in the Eurobond market yesterday.

The company had previously brought three private placements, but no actively-traded public debt.

Guinness Finance's \$150m five-year first, arranged by Credit Suisse First Boston, was bought aggressively by UK fund managers eager to add this blue-chip name to their portfolios. The bonds yield 6.65 per cent more than the five-year UK gilt yield.

The issue is unwrapped, but cost the company 45 basis points above the sterling London interbank offered rate, about five basis points more than Guinness would have had to pay for comparable bank financing, according to one banker. This deal laid a sound foundation to Guinness' strategy to establish a long-term presence in the market, dealers said.

The issue will refinance short-term bank debt. The bonds were rated Double A minus by Standard & Poor's and Double A-2 by Moody's.

Ex-Im Bank \$300m deal meets steady demand

By Euromarkets Staff

EXPORT-IMPORT Bank of Japan's \$300m five-year issue, announced on Monday, met steady demand in Europe, but Japanese interest in dollar securities remains lukewarm.

The deal, arranged by JTB International, was priced, as expected, at the wider end of the indicated spread range, at 48 basis points above the comparable US Treasury. The deal marks a gradual shift of attitude by Japanese government-guaranteed borrowers to suit the preferences of the market.

It is the second time such a borrower has brought a Eurobond using the fixed price offering method of syndication; it is also the largest issue launched by a Japan-guaranteed issuer so far.

The deal ended at 100.03 bid, just above the fixed offer price.

Two seven-year issues by supranational borrowers, one in lira and the other in pesetas, met poor receptions.

Demand for seven-year paper is limited among Italian investors. They were expected to buy a significant portion of the bonds because of the tax concessions available on bonds from certain supranational borrowers.

A \$300m issue for the World Bank, carrying a 12 1/2 per cent coupon and a price of 101 1/2, was considered too aggressive for a seven-year issue. The bonds were bid at 99.40, at a discount greater than fees. The maturity is not common in lira, although a couple of recent issues may have benefited from their novelty.

In pesetas, the European Investment Bank issued a \$200m-worth of paper at a price of 101 1/2 and with a 13.35 per cent coupon. The issue was bid just within fees but traders were unenthusiastic, judging the issue too aggressive.

Secondary market issues for similar maturities by the same borrower and by the World Bank were available at yields that were greater by 30 to 40 basis points, although there is always a premium in the Madrid market on primary issues where liquidity is higher. The Spanish treasury is currently limiting foreign bond

issues to a limited number of eligible borrowers with a requirement for Spanish pesetas and which do not intend to swap the proceeds. The issue is expected to be the last in the currency this year.

The strong demand for recent Eurodollar equity warrant issues from Japanese companies has been blunted by the current weakness of the Tokyo stock market. The Nikkei stock market index fell by 633 points, or 3.8 per cent, overnight in Tokyo, adding to a 4 per cent fall during last week.

Of yesterday's Eurodollar warrant deals, the \$400m four-year offering from Ohbayashi Corporation, lead managed by Nomura International, was the best performer. Launched at par, the deal traded up by 1/4 on the bid side, benefiting from liquidity of the larger deal.

However, smaller deals in the sector are scheduled to continue for the rest of this week, before easing off in the run-up to Christmas. Deals from Toppan Print and Tokury Department stores are scheduled for launch today.

Four more deals are due before the end of this week, including a \$400m offering from Mitsubishi Motors.

Société Nationale des Chemins de Fer Français brought a FF750m seven-year fungible issue. The total size of that deal is now FF3.5bn, the largest issue in the market.

Nikko Securities launched a ¥500m five-year targeted transaction for Mitsubishi Motors.

● The Italian treasury said it was offering a second €200m tranche of five-year certificates due September 26 1995, Reuters reports from Rome.

● GTE Corporation is offering \$500m of 10-year notes yielding 9.45 per cent, Salomon Brothers said as lead manager. The issue was increased from \$400m.

Priced at 99.55, the notes have a 9 1/2 per cent coupon to yield 125 basis points over comparable Treasury securities. Goldman Sachs, Merrill Lynch Capital Markets and PaineWebber are co-managers.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Ohbayashi Corp(a)	400	(4 1/2)	100	1994	2 1/2%	Nomura Int.
Exp-imp Bk Japan(a)♦	200	(4 1/2)	100	1996	2 1/2%	ISB Int.
Nichel Co.(a)	130	(4 1/2)	100	1994	2 1/2%	Yamachi Int.
Nippon Syn. Chemicals(a)	100	(4 1/2)	100	1994	2 1/2%	Yamachi Int.
Corporation Co.(a)♦	100	(6 1/2)	100	1994	2 1/2%	Nikko Secs.
Towa Real Estate(a)♦♦	100	(6 1/2)	100	1994	2 1/2%	Nomura Int.
Sanshin Electronics(a)♦♦	50	4 1/2	100	1994	2 1/2%	Daiwa Europe
STERLING						
Guinness Fin.SV(a)♦	150	12	101.27	1996	1 1/2/1.675	CSFB
FRENCH FRANCES						
SNCF(a)♦	700	9 1/2	97	1997	1 1/2/1 1/2	CCF
LIBRE						
World Bank(a)♦	300bn	12 1/2	101 1/2	1998	1 1/2/1 1/2	la.Bancario S'Paolo
PESETAS						
ESB(a)♦	20bn	13.35	101 1/2	1997	1 1/2/1	Banesto
YEN						
Mitsubishi Motors Corp(a)♦	50bn	7 1/2	101.40	1995	1 1/2/1 1/2	Nikko Secs.
Orin Island Fin.(a)♦	20bn	(7)	101 1/2	1995	1 1/2/1 1/2	Daiwa Europe
Union Bk Finland(a)♦	12bn	7.5	101.275	1993	1 1/2/1 1/2	Mitsui Trust Int.
ESCUROS						
ESB(a)♦	12.5bn	15 1/2	100 1/2	1995	-	Cabra Giral d'Depositos
D-MARKS						
Central Leasing(a)♦♦♦♦	75	(6)	100	1995	30/15bp	WestLB
SWISS FRANCES						
Almt Corp(a)♦♦♦♦	20	8 1/2	100	1995	-	Banque Paribas (Suisse)
Aljilwa Ironworks(a)♦♦♦♦	10	8 1/2	100	1995	-	DKS (Schweiz)
*Private placement. ♦Convertible. ♦♦With equity warrants. ♦♦♦Floating rate note. ♦♦♦Final terms. a) Non-callable. b) Coupon pays 15bp over 6-month Libor. Non-callable. c) Fixed/FTR issue. Coupon pays 8 1/4% for first 3 years, then 6-month Libor +.10% thereafter. Put option at par on 10/30/93. ♦♦ Fungible with existing FF2.75bn deal. Non-callable. c) Coupon was indicated at						

Improved final offer of 300p per share considered 'way too low' Foseco rejects £259m Burmah bid

closed 6p higher at \$779, partly for relief in the market that it had increased its offer only by what was viewed as the minimum likely to be necessary to win control. There has also been speculation that the sharp fall in Burmah Castrol's shares has made it vulnerable to a predator.

Burmah Castrol shares, which started the year at 693p, have slumped since the Gulf crisis began. More than 60 per cent of the group's operating profits come from its lubrication side, which purchases base oil on the open market.

A condition of the bid is that it may be lapsed if the price of Brent crude oil, currently about \$30 a barrel, goes above \$50.

SERIF COWELLS, the toys and printing group which distributed Trivial Pursuit and Nintendo, the computer game, is set to leave the stock market via a buy-out by the management group which brought the company public in 1988.

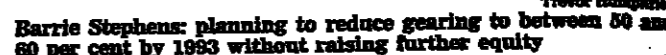
The company said the buy-out team was talking to independent directors about purchasing the 16m shares which would give them already control at a price of 50p.

The management group led by Mr John Fryke, chief executive, already controls 59.4 per cent of the

SLOWER GROWTH in the UK and the impact of the new controls and specialised engineering group, to a 5.6 per cent increase to £35.3m in pre-tax profits for the six months to September 30.

Siebe's position was also affected by the 66 per cent increase in July of Foxboro, the US instruments and controls and controls group. The deal, which pushed Siebe's gearing from about 35 per cent to 103 per cent, also led to a revaluation of the balance sheet with a consequent increase in intangible assets.

Turnover rose 3 per cent from £263.2m to £268.7m. Operating profits of £101m were 10 per cent higher, but the pre-tax



Siebe's professional advisers found tangible assets, such as more than 55 acres of land next to its headquarters, which were unknown to Foxboro's

Mr Henderson said Anglian had recently obtained AA long-term debt ratings from Moody's and Standard & Poor's, the two main credit rating agencies, "an excellent result."

There were no immediate plans to tap the international bond markets after Anglian's £100m index-linked issue in the domestic market in August.

● COMMENT

You might think a 13.6 per cent dividend increase could not come as a surprise, but the dividend war among the water companies has taught the market to be greedy. Compared with the 15 per cent-plus half-year rises being paid by some of the other utilities, it is only a disappointment yesterday even though its pre-tax line will

£2.77m (£1.09m). The loss per share was 2.38p (earnings of 0.68p).

Mr Remo Dipre, chairman, said the proceeds of the sale "will substantially reduce indebtedness at a time when the group has been hit by a number of one-off factors."

Allen, McGuire and Partners, a private investment company, is paying £8.5m cash for Fev, which reported pre-tax profits of £661,000 on turnover of £24.4m in the year to December 31.

Interest charges rose steeply to £475,000 (£182,000), reflecting a full share of joint venture costs undertaken during the last year.

"We anticipate that the outcome of the the second half of the financial year will not differ greatly from the first half results," said the company.

Earnings per share are 3.36p (46.77n).

Turnover overseas would have risen by 23 per cent on constant exchange rates, but because of strong sterling by less than 2 per cent to £30.5m.

amid signs that Sir Mark and Lord Rothschild, who are long-standing business associates, may be about to create a new financial services venture.

However, the company said that there is no master plan. "St James's will invest shareholders' funds in various projects, including financial services projects, that come our way. Opportunities may present themselves either with an

laped and Astra had to make an \$13m provision against the company's closure in its 1990 accounts.

Mr Roy Barber, Astra chairman, said Price Waterhouse had agreed to become auditors following Stoy's decision. He praised the way Stoy had worked with Astra since his appointment in March to complete a particularly difficult audit.

Stoy has been criticised for its audit of Polly Peck, the fruit and electronics group in the hands of administrators, and faced a further blow this month when Laventhal Horwath, the US accounting firm, filed for protection from its creditors under Chapter 11. Stoy is Laventhal Horwath's international affiliate in the UK.

Last month, Stoy took the unusual step of speaking out about its role as auditors to

Turnover last year jumped from \$6.4m to \$12.17m; tax took \$270,000 (\$227,000) leaving earnings of 0.7p (1.25p) and the board decided not to recommend a dividend.

[illegible]

ARROWS LIMITED

TRADE FINANCIERS

A CONCEPT FOR THE NINETIES

PEAK FINANCE AVAILABLE FROM ARROWS LIMITED

CASH (LIQUIDITY) REQUIREMENT CURVE

LIMIT OF SECURED WORKING CAPITAL OVERDRAFT ETC. AVAILABLE FROM BANKS

SECURED LONG TERM BORROWING MORTGAGES ETC.

90 DAYS

J F M A M J J A S O N D

TIME →

FINANCING THE FUTURE

If your company has a turnover in excess of one million pounds, is profitable and could benefit from short term trading funds of up to £250,000 without encumbering your assets, then contact our Business Development Office at:

ARROWS LIMITED

Please send me further information

Name _____

Title _____

Company _____

Address _____

_____ Tel: _____

ARROWS LIMITED FREEPOST

Arrows House, Dunham Mount, Dunham Road,
Altringham, Cheshire WA14 1BR.

Telephone: 061-941 2500, Telex: 660572, Arrows G. Fax: 061-928 6948.

For our current interest rates call up Arrow on Reuters

FTW

UK COMPANY NEWS

Philip Rawstone details the varying fortunes of a trio of regional brewers which reported yesterday

Core activities behind Greene King's 17% rise

GREENE KING, the East Anglian-based brewer, yesterday reported a 17 per cent rise in pre-tax profits to £11.02m for the six months to October 28.

Trading profits on turnover of £62.2m (£56.07m) were 36 per cent higher at £11.26m (£8.36m) and earnings per share grew by 18 per cent to 18.8p (15.7p).

The strong performance by the core brewing and pub retailing operations helped lift some of the gloom that has surrounded the company's ill-fated venture into the leisure business.

It yesterday wrote off £4m - from the £6m proceeds of its sale of a 25 per cent stake in Harp Lager - against its involvement in Big R Leisure, the roller skating and discos company, which went into receivership earlier this year. Analysts estimate the final

cost could be two or three times that figure.

The interim dividend is increased by 14 per cent to 2.3p (2.0p).

Greene King's volume beer sales grew by more than 4 per cent, helped in part by the acquisition in July of 87 pubs from Allied-Lyons.

"We are continuing to gain market share both in our own heartland and our new trading area in the south-east," said Mr Simon Redman, chairman.

Development of a larger brewery at Riggleswade was completed in March and was now providing all the group's requirements for draught Harp Lager.

Increased capital expenditure was reflected in higher interest charges, up from £460,000 to £1.8m.

Mr Redman said: "We expect conditions in the market to remain very competitive but we think we are well placed for

continuing growth, driven by our strong and resilient ale brands."

COMMENT

Some uncertainty still surrounds plans for the disposal of Big R's operations but the best estimate at present is that Greene King may finally have to write off a total £12m as the cost of its leisure involvement.

But it now clearly has its eye back on what it does best: brewing and selling ale. Its strong trading performance during the first half, the result of a rapid and successful integration of 87 new pubs into its estate and the resilience of its ale brands, resulted in pre-tax profits some £1.5m above forecasts.

Analysts are upgrading full-year forecasts from £21m to about £23m, with earnings per share pushing 20p, and a prospective p/e of 9.6, in spite of the Big R shadow, prospects are still bright.



Simon Redman: enjoying an increase in market share

Mansfield Brewery ahead 5%

MANSFIELD BREWERY, the east Midlands and Humberside brewer, pushed first half pre-tax profits 5 per cent higher, from £4.3m to £4.5m.

Turnover for the six months to September 29 increased by 22 per cent to £54m (£44.6m) but operating profit, which rose 12.6 per cent to £5.7m (£5.0m), was held back by the poor performance of non-core activities. Operating profits on brewing and retailing increased by 17.5 per cent.

Earnings per share rose from 12.5p to 13.1p and the interim dividend is lifted from 3.4p to 3.6p.

Mr Geoffrey Kent, chairman, said that following a strategic review of plans for the 1990s, it had been decided to withdraw from the remaining peripheral activities.

Prampton Village Cider was sold to Submers in August and withdrawal from Bonanza restaurants and the Rainbow International carpet cleaning franchise had resulted in an extraordinary charge of £1.9m.

Draught beer sales had maintained market share in the company's trading area, with strong growth from rising cash-conditioned litters.

Sales of lower margin packaged beers to multiple grocers and cash and carry outlets had doubled.

"The economic climate has clearly worsened since September," Mr Kent said, "and it would be incautious to expect that reduced consumer spending will not impact on sales during the coming six months."

Allied Colloids hit by lower margins

By Clive Cookson

ALLIED COLLOIDS, the specialist chemicals group, raised pre-tax profits by just 1 per cent to £19.4m in the six months to September 29, on turnover ahead 9 per cent at £113m.

The flat outcome disappointed the market and the shares closed 9p down at 113p.

The Bradford-based company said margins were reduced by "considerable revenue investment in our new systems for production, stock control and forecasting together with commissioning cost relating to the additional facilities installed in our US plant."

Start-up costs for the plant in Suffolk, Virginia, were greater than expected, according to Mr Gordon Senior, finance director. "We've had one or two problems we did not anticipate," he said. But the plant was now running satisfactorily at about 50 per cent of capacity.

"Although current market indicators still support our expectation of continuing growth in sales and profits in the second half of our financial year, any forecast at this time must also express some caution having regard to the increasingly adverse international economic outlook."

Specialist chemicals companies such as Allied Colloids are generally far less vulnerable to an economic downturn than the giants such as ICI, but they are not immune.

"We sell very broadly, in a

lot of different industries and in many countries," Mr Senior said. "If there is a world recession it will affect us to some degree."

Allied Colloids has been squeezed by the rising cost of its oil-based raw materials since the Gulf crisis.

Earnings per share rose marginally to 4.63p (4.61p). The interim dividend is raised to 0.8p (0.75p).

COMMENT

The long-standing premium of Allied Colloids shares compared to the market has almost disappeared during the course of this year and more results like these will do nothing to bring it back. Pre-tax profits for 1990-91 will probably be close to last year's £41.3m, giving a p/e of about 11. Even if sales and operating margins pick up in 1991-92, profits then are likely to be hit hard by adverse currency movements - the company has fully hedged this year but no hedging is in place for the following year. However, long-term prospects look excellent: the company's green activities, making chemicals for pollution control and paper recycling, account for about a quarter of current turnover and will receive increasing attention from investors. But the shares are likely to languish for a while, unless the specialty chemicals sector sees another take-over battle like Fosco-Burnham Central.

'Hard lesson' leaves Eldridge Pope £2.4m in loss

ELDRIDGE POPE, the USM-quoted brewer, yesterday reported "a major setback" as problems with its hotel and competing interests resulted in attributable losses of more than £8m after extraordinary items.

At the pre-tax level, the Dorset-based group ran up a deficit of £2.4m for the year to September 29 1990, against profits of £3.0m, after taking into account £1.5m of trading losses from the Realstream computer

business. A loss of 11p per share compared with earnings of 11.3p last year.

An extraordinary charge of £5.8m, after profits from sales of pubs during the year, represented a £2m write-down of investments in Highcliff Hotel, Bournemouth, and of £3.5m on Realstream.

Mr Christopher Pope, chairman, said that the drain on resources from Highcliff and Realstream had been stemmed.

A 50 per cent holding in Highcliff had been sold to Vaux Group which was now managing the hotel.

Eldridge Pope's original investment in Highcliff had been written down by £2m to £1.8m; and now that the hotel was outside the group, borrowings had been reduced from £28.5m to £19m.

The investment in Realstream had been written off and the company would be disposed of early next year.

Mr Pope said: "We have learnt a hard lesson. Our strategy for the years ahead is to return to being a closely integrated group with an efficient quality brewery and an enlarged tied estate. We have every confidence in our ability to rebuild profitability."

The diversification problems had distracted management and resources from the core brewing and pub retailing business which had a disappointing year with trading profit down

from £5.6m to £1.7m.

Beer sales in managed pubs had increased marginally but were down in the rest of the group's beer business, reflecting the effects of competitive discounting in the free trade. Acquisitions to the managed estate were now being considered as a means of rebuilding volume and restoring margins.

The final dividend is maintained at 2.35p, making a same-again 4.1p total.

Matthew Clark buys out JE Mather minorities in £12m deal

By Philip Rawstone

MATTHEW CLARK, the UK's largest independent distributor of wines and spirits, is spending £12m on buying the minority interests, held by Bass and IDV, the Grand Metropolitan subsidiary, in JE Mather, the Stone's ginger wine and sherry company.

Mr Peter Aikens, Clark's chief executive, said yesterday: "The acquisition reflects our strategy of developing the

group principally as a producer of drinks and of extending its portfolio of owned and agency brands."

JE Mather, based in Leeds, made pre-tax profits of £5m on turnover of £24m in the year to April 30 1990. Net assets totalled £10.6m, including £1.5m cash.

Some 90 per cent of Mather's turnover comes from sales of British sherry and Stone's gin-

ger wine. It owns Old England, the leading branded British Sherry, and has a strong presence in the own-label sherry market. Stone's ginger wine accounts for over 70 per cent of the UK's branded ginger wine market.

Clark's move to gain full control of the company marks a further step in the refocusing of the group's business since the double blow last year of

losing the Martell and Irish Distillers agencies. It has since gained new agency business from Domecq sherry, Funderd brandy, Grand Marnier liqueurs and others.

Mr Aikens said that the group would now have greater freedom to acquire additional drinks brands for production at Mather's facilities in Leeds where volumes could be increased substantially with

minimal investment.

Acquisition of new brands had been constrained by the partnership with Bass and IDV because of possible competition with their own products.

Subject to shareholders' approval, Clark will pay £12m cash for the 48 per cent stake in Mather owned by Bass and IDV. Deferred payments of £2.8m may also become due in 1994, depending on the amount

of Mather's products bought by Bass and IDV over the next three years.

Bass and IDV last year accounted for 18 per cent of Mather's turnover.

Clark will finance the acquisition by a five year bank loan of £8m and out of existing cash resources. Gearing is expected to rise to 25 per cent but should fall to about 15 per cent by next April.

Reed Executive falls 35%

By Jane Fuller

REED EXECUTIVE, the family-controlled employment agency, saw pre-tax profits slide by 35 per cent in the six months to September 28.

The taxable figure fell to £2.55m (£3.91m) on turnover of £68.05m (£70.28m). An inflow of cash helped to produce net interest income of £129,000 (£21,000).

Mr Alex Reed, chairman, said the company had been hit by a decline in the number of vacancies and job candidates. He warned that the second half seemed likely to be even worse than the first. "Shareholders should not expect any improvement in the short term."

The company, which has 200 branches, mainly in the south-east, focuses on placing office staff and accountants. Mr Reed said the business climate had been particularly bad in the City of London. "People are staying put rather than changing jobs."

Earnings per share fell to 2.6p (4.7p). The interim dividend is held at 0.6p.

In the year to March 31, Reed saw pre-tax profit fall by 43 per cent to £3.1m and cut its final dividend.

The share price shed a further 6p to close at 25p yesterday, compared with a high for the year of 103p.

"CONFIDENT AND CONSISTENT ACHIEVEMENT. I am pleased with Anglian Water's progress in our first six months of this financial year."

We are on course to meet our targets, both financial and in terms of service to customers. We are particularly pleased with the response to our loan stock issue, our high credit rating and our new status as a FT-SE 100 company. Management and all our employees provide a strong team dedicated to service to our customers, improving the environment and providing a good return for our shareholders. In the absence of unforeseen circumstances I am confident about the outcome for the full year."

Chairman, Bernard Henderson, CBE.

The Directors are pleased to report a Group operating profit for the half year ended 30th September 1990, up by some 20.3% on the half year to September 1989, of £92.5m on turnover of £228.5m. Profit on ordinary activities before taxation was £84.4m.

The Board has declared an interim dividend of 5.8p (net) per ordinary share, which will be paid on 4th March 1991 to shareholders on the register on 28th January 1991.

It should be emphasised that the results for the first half year do not fully reflect costs which will arise in the second half year as a consequence of the gradual build up of capital and revenue programmes and certain seasonal costs (eg. the pumping costs associated with recharging surface water reservoirs in the winter). The profit figure should not therefore be taken as indicative of the full year results.

During the period we have continued the successful start on the implementation of our 10 year, £3.5 billion investment programme which will bring about major improvements in both water quality and the water environment.

Anglian Water's investment in additional groundwater schemes and reinforcement of the distribution network, together with good management of surface water resources ensured that supplies were maintained with few restrictions despite the exceptionally dry summer. However, very substantial rainfall is still needed this winter to recharge aquifers before we can lift the hosepipe ban in parts of the region.

The hot dry weather increased the threat of a reappearance of the blue-green algae experienced last year.

We took early action to contain this phenomenon and treatment at our major reservoirs successfully ensured that occurrences of algae were limited.

GROUP RESULTS FOR THE SIX MONTHS ENDED 30th SEPTEMBER, 1990 (unaudited)

Year ended 30th March 1990	Notes	1990	1989
(£m)		(£m)	(£m)
401.3	TURNOVER	228.5	199.5
154.7	OPERATING PROFIT	92.5	76.7
8.4	Other income	8.5	8.2
(69.0)	Net interest payable	(6.2)	(48.4)
94.4	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	94.4	28.5
(10.0)	Taxation	(10.0)	—
76.1	PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	76.1	28.5
(7.7)	Extraordinary items	—	(6.7)
68.4	PROFIT ATTRIBUTABLE TO SHAREHOLDERS	76.1	21.8
(9.1)	Dividends	(17.1)	—
38.3	RETAINED PROFITS	61.6	21.8
42.1p	EARNINGS PER ORDINARY SHARE	26.7p	—
18.21p (net)	DIVIDEND PER ORDINARY SHARE	5.8p (net)	—

* Pro-forma basis - see note 4.

have been prepared on the basis of the historic cost accounting policies set out in the published accounts of Anglian Water Plc for the year ended 31st March 1990. Comparisons with audited results for the year ended 31st March 1989 and the unaudited results for the six months ended 30th September 1989 are distorted by the fact that these results included interest on loans to HM Government that were subsequently written off when the company was privatised and that the company was only operating as a public limited company for part of this period.

3. The tax charge for the six months ended 30th September 1990 is the Advance Corporation Tax payable in respect of the interim dividend.

4. Comparative figures for earnings and dividends per ordinary share for the period ended 30th September 1989 have not been presented. The number of shares in issue and the actual profits for that period are not considered to be representative of the Group's position following implementation of the new capital structure post privatisation. Pro-forma earnings per ordinary share for the year ended 31st March 1990 have been presented. This has been calculated by dividing pro-forma profit on ordinary activities after taxation by the ordinary shares in issue. The pro-forma profit on ordinary activities after taxation has been calculated by adjusting actual profit before taxation of £86.1m for a £52.9m reduction in interest payable (to reflect the interest saving that would have arisen if the new capital structure had been in place from 1st April 1989) and for a pro-forma Advance Corporation Tax charge of £15.0m (based upon a notional dividend of £45.1m which the Directors considered they would have recommended if the new capital structure had been in place from 1st April 1989).

Copies of this statement are available from the Company Secretary at the registered office of the company (Anglian House, Ambury Road, Huntingdon, Cambs PE18 6NZ).

Anglian Water Plc

QUALITY
SERVICE
CARE
INVESTMENT
FOCUS
MANAGEMENT

INTERIM RESULTS TO SEPTEMBER 30TH 1990

UK COMPANY NEWS

Norcros down 47% as building slump bites

By Jane Fuller

THE SLUMP in construction has taken its toll on Norcros, the building materials and print and packaging group, which saw pre-tax profit fall by 47 per cent to less than £10m in the six months to September 30.

After maintaining its barely covered dividend last year, the group has cut the interim payment from 5p to 3.5p.

Taxable profit fell to £9.77m from £18.32m, itself 37 per cent down on the first half of 1989-90. Turnover declined to £219.58m (£229.9m) and operating profit to £13.84m (£17.75m).

Interest, which showed a surplus of £570,000 last time, accumulated a payment of £4.07m. Gearing rose from about 47 per cent at the year-end to 70 per cent in September and was expected to stay close to that level for the rest of the year.

Mr Michael Doherty, deputy chairman and chief executive, said debt had built up as the group spent more than £100m over two years on restructuring and capital projects, such as a new factory for Crittall Windows to replace two old ones.

Of this total, about £40m was attributable to redundancies and relocation; 2,500 jobs were being shed, 23 per cent of the workforce.

In the building downturn, the hardest hit subsidiary had been Crosby-Sarek, where three window and door making businesses were being merged and the number of sites coming down from eight to five.

This formed part of the building products division, which saw operating profit fall to £9.01m (£11.56m) on sales of £98.57m (£94.58m). Better performers included Triton showers and Crosby Kitchens.

A longer standing reorganisation, involving an exceptional provision of £26m in last year's accounts, was going on in ceramics, where profit plummeted to £2.43m (£5.43m) on sales of £60.51m (£63.6m). Business had also turned down in South Africa and Australia.

Printing and packaging would have increased profit, said Mr Robert Alcock, finance director, except for the £900,000 exceptional cost of streamlining Norprint.

Divisional profit was £4.08m (£4.73m) on sales of £49.16m (£46.48m). Earnings per share fell to 4.4p (8.3p).

COMMENT

Norcros has been through a stormy period since it narrowly escaped Williams Holdings' £570m bid in spring 1987. With Mr Doherty coming in a year later, the management first concentrated on disposals and then turned its attention to the inadequacies of continuing activities, with the big problems being the Johnson tiles businesses and, more recently, Crosby-Sarek. With interest rates staying higher for longer than expected, the management has tried to do several costly things at once: keep up the generous dividend, continue the capital spending and pay up for redundancies and factory moves. In two years' time it may all look worthwhile as the bolstered market positions reap their harvest.

Short-term reassurance would be welcome in the form of better profits from chronically flat markets. Meanwhile, the group is exciting patience from investors, comforted by a prospective yield of about 11 per cent and the thought that the good proprietary names might attract another bid. A forecast pre-tax profit of £24m to £26m gives a prospective multiple of about 10.5 on yesterday's close of 118p, which looks fully priced.



Michael Doherty - over £100m spent on restructuring

Morris Ashby seeks growth from castings

Pre-tax profits at Morris Ashby, a specialist diecasting and machining group, fell 17 per cent in the six months to end-September.

However the USM-quoted company said that its prospects were underlined by the appreciable increase in sales of dies and other toolings. Future profits would arise from the castings made from the dies. Turnover was up 10 per cent at £5.66m (£5.12m) for taxable profits of £453,000 (£543,000). Earnings per share were 4.04p (4.69p) and the interim dividend is maintained at 1.7p.

Pentland splashes out for Speedo Europe

By Alice Rawthorn

PENTLAND GROUP, the consumer products company which recently delayed plans to sell its stake in Reebok, the US sports shoe concern, is expanding its swimwear interests by buying a controlling holding in Speedo Europe.

Pentland is joining forces with Speedo Europe's management to buy the business for £4.5m. It has acquired the company from the receivers of Response, the UK clothing company which went into receivership earlier this year.

This summer Pentland acquired the worldwide rights to the Speedo name and the license for Speedo in Australia. It also participated in the management buy-out of Speedo US, which holds the license for the brand in North America.

The acquisition of Speedo Europe, which owns the Speedo license across Europe, means that Pentland is now involved with Speedo in all its main markets, except Japan. Mr Richard Stevens, director, said Pentland plans to

review the Speedo businesses to see whether there is any scope for development on an international scale. However, he did not envisage making significant operational changes in the foreseeable future.

In yesterday's deal, Pentland acquired 50 per cent of Speedo Europe's equity, with an agreement to buy the management's 20 per cent holding over the next four years. Speedo Europe last year made pre-tax profits of £500,000 on turnover of £15.6m.

The Pentland Group is planning to make further investments in consumer products. However, Mr Stevens said it was unlikely to conclude any other acquisitions in the short term.

This summer, Pentland announced plans to sell its 31 per cent stake in Reebok. The stake is still up for sale, but Pentland has suspended plans to actively market the shares because of the depressed state of the US and UK stock markets.

Flat trading leaves Holmes & Marchant 12% lower at £4.4m

By Jane Fuller

HOLMES & Marchant, the marketing services company which 12 days ago deflated profit expectations for the year to September 30, yesterday revealed a 43 per cent drop in the pre-tax profit and cut its dividend.

The fall in taxable profit from £7.67m to £4.38m included exceptional costs of £1.16m to cover redundancies and reorganisation at existing businesses, and a £245,000 loss at discontinued production units, including plate making and typesetting.

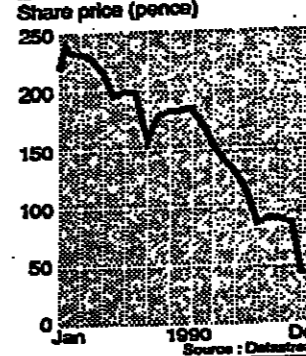
Turnover was flat at £55.11m compared with £55.33m which was restated from the previous year's £50.4m to exclude the discontinued activities. While operating profit fell by about £1m to £7.1m, interest charges rose sharply to £1.32m (£762,000).

Not before long started the year at £5.6m and finished at £11.4m after the group had paid out nearly £7m cash, mostly in deferred payments for acquisitions. Mr Emyr Jones, financial director, said the year's earnings would amount to £1.4m. He was budgeting for an average debt of £15m over the year.

Mr John Holmes, chairman and chief executive, who owns 12 per cent of the equity, said that whereas in previous seasons the group's packaging

Holmes & Marchant

Share price (pence)



and promotion businesses had "gone through the roof", the reverse had happened this time.

The traditionally busy months of August and September, when clients in the food and drink sectors geared up for Christmas, had fallen flat with a particularly ill effect on sales promotion, which accounted for 25 per cent of operating profit.

Design, contributing 40 per cent, saw good performances by Holmes & Marchant and Enskat offset by Blitz, where there had been substantial management changes and a halving of the workforce. The staidest part of the group had been advertising

agencies. Net extraordinary costs of £951,000 included more than £1m for closing discontinued businesses. Earnings per share fell to 4.4p (30.2p) after a reduced tax charge of 17 per cent. The proposed final dividend is cut to 3.3p making a total of 6.6p (7.5p).

COMMENT

After finding that his mid-year confidence was misplaced, Mr Holmes's preferred description for current conditions is "volatile", although he is anxious to stress that things have improved since September. They need to. If, as the group hopes, its markets get no worse overall than they were in the second half of last year, it should start to bring down debt and keep interest payments adequately covered. Cutting the workforce from £20 to £80 and getting rid of the equipment to which this people business is so averse has raised the cost base and simplified the organisation. It looks like a survivor with scope to bounce back longer term. On yesterday's closing price of 45p, less than a fifth of the January high, the prospective multiple is a little more than four on a conservative current year forecast of £2m. But there is no hurry to buy for recovery.

NEWS DIGEST

Leeds Group improves 18% to £4m

LEEDS GROUP, which has interests in textile dyeing and printing and the sale of yarn for weaving and knitting, reported an 18 per cent increase from £3.4m to £4.01m in pre-tax profits for the year to September 30.

Mr Robert Wade, chairman, said that all six textile divisions did well and showed increased profits compared with 1989. Langholm Dyeing, acquired in January, made an excellent start with profit ahead of forecast. Turnover increased by 20 per cent to £31.99m (£27.53m) and earnings improved by just 12 per cent to 25.2p (22.6p) reflecting shares issued for the purchase of Langholm.

A proposed final dividend of 6.25p makes a 9.25p (8.5p) total.

Rent roll up 20% at Evans of Leeds

Evans of Leeds, the property investment and development group, yesterday reported profits of £3.3m for the six months to end-September 1990. The outcome, against £3.22m, came, the company said, in spite of the continuing high cost of financing its development programme, which should result in additional rental flow.

The current annual rent roll amounted to £15.7m, an increase of some 20 per cent on the £13.11m of September 1989. The interim dividend is raised to 1.18p (1.125p adjusted), payable from earnings of 3.35p (3.19p) per share.

Deficit deepens at Sycamore

Pre-tax losses at Sycamore Holdings, a manufacturer of foundry products, moisture testing equipment and leisure products, increased from £445,000 to £2.78m in the year to September 30 after exceptional costs of £1.6m, compared with £53,000.

Mr Bill Rhodes, appointed chairman in October, said that the loss on a slightly reduced turnover of £7.4m represented the starting point for the proposed turnaround in 1990-91. The exceptional costs related to the write-off of obsolete stocks which, said Mr Rhodes, had for too long been held as useful assets of the business.

The group is undergoing financial restructuring. Last September there was a two-for-one rights issue at 10p per share and a subscription of shares to raise a further £2m. The 25p ordinary were subdivided into one ordinary share of 5p and one deferred share of 20p. The deferred shares are to be cancelled under a proposed capital reduction.

Losses per share amounted to 29.4p (4.75p). No dividend has paid since August 1984.

In Shops withdraws from leisure

In Shops, the retail and business centre operator, lifted profits to £1.91m pre-tax for the six months to September 30. The 44 per cent rise from last time's £1.32m came on turnover ahead from £8.68m to £10.09m.

Mr Tim Brookes, chairman, said that while the business was not immune, it had shown a "strong resilience to the recessionary climate". Nevertheless, it is to cease its

Acal checked by higher interest

A sharp increase from £185,000 to £439,000 in interest charges due to acquisitions held back Acal's improvement in pre-tax profits to 8 per cent at £2.16m in the half year to September 30.

The group, a USM-quoted electronics and industrial controls distributor, increased sales by 26 per cent to £30.75m (£24.31m) while operating profits rose 20 per cent to £2.52m (£2.1m). The improvement included the initial turnaround of the Technitron acquisition.

Tax losses available from the purchase reduced the charge to £768,000 (£843,000). Earnings per share rose from 8.4p to 10.1p and the interim dividend goes up from 1.56p to 1.8p.

Margins under pressure at Atkins

Atkins Brothers, the Leicester-shire-based textile company which earlier this year abandoned takeover talks with a prospective suitor, reported a £58,000 fall to £192,000 in pre-tax profits for the six months to end-September.

Mr Bill Dawson, chairman, blamed the 23 per cent downturn, which followed a fall in profits of £398,000 to £270,000 for the previous full year, on declining consumer spending and the hot summer.

Margins came under considerable pressure, particularly in the hosiery and leisurewear divisions.

Turnover on continuing activities dipped by 3 per cent to £7.77m (£8m). Earnings emerged at 3.6p (4.14p) and the interim dividend is a same-again 3.6p.

Interest lift for Tomorrows Leisure

Tomorrows Leisure reported a significant rise, from £176,000 to £408,000, in pre-tax profits for the half year to September 30, leaving aside the exceptional profit of £7.81m on the sale of the George Washington Hotel last year.

Mr John Sanderson, chairman, said the improved results were mainly due to interest received of £407,400 (£12,200) on bank deposits resulting from the sale of the hotel. Operating profit amounted to only £490 (£64,150) on turnover of £2.54m (£2.72m).

Earnings, excluding exceptional items, were up from 1p to 2.7p. There is no interim distribution. The shares are traded on the Third Market.

Chiltern Radio advances to £1.3m

Chiltern Radio, which came to the main market some 12 months ago, yesterday reported a 35 per cent improvement in profits to £1.28m pre-tax for the year to end-September.

The company also announced that it had acquired Gloucester Broadcasting, which consists of two radio stations - Severn Sound and Three Counties Radio - for up to £1.8m.

Turnover rose to £4.1m (£3.55m) and earnings worked through at 14.3p (11.8p). A proposed final dividend of 3.8p makes a 4.8p total.

Looking ahead, Mr Peter Burton, chairman, said local advertising revenue was continuing to increase. He warned, however, that a significant decline in national advertising across the industry was likely to result in an overall fall in revenue of some 8 per cent in the first quarter compared with 1989.

Norfolk House raising £40m

Norfolk House Group, a developer of petrol service stations, has entered into a series of transactions with major oil companies, hoteliers and restaurateurs to raise £40m.

Some £30m has already been received, with the balance payable over the next six months. The transactions include the sale of 17 filling stations and 11 roadside sites for supermarket, restaurant, car showroom and pub uses throughout the UK.

The transactions also include the forward procurement of petrol and diesel fuels, which the group considers to be prudent should supplies be affected by an outbreak of hostilities in the Middle East.

The PROPERTY RECOVERY Service

The HUNTING GATE Group

After 40 years in the Property business we have built up an unsurpassed level of expertise in making a success of even the most difficult property situation. We are commercial, residential or construction.

We are pleased to announce the launch of our property recovery unit which draws on these skills to overcome the challenges of today's troubled times.

The PROPERTY RECOVERY Service

— Purchase of sites from Banks, Receiver and Property Companies.

— Management and Construction of part complete projects.

— Provide warranties / NHBC.

— Management and equity support to complex development proposals.

— Developing out sites left with Banks and Receivers.



Contact: J.P. Walters, FRICS, Hunting Gate Group Limited, 4 Hunting Gate, Hitchin, Herts. SG4 0TB. Tel: 0462 41 4444. Fax: 0462 455924. London Office: 2122 Grosvenor St. London W1X 1TE. Tel: 071 491 4444. Fax: 071 491 7741.

CONTROLS

SPECIALIST MECHANICAL ENGINEERING

SAFETY & LIFE SUPPORT

COMPRESSED AIR

PILLARS OF STRENGTH

	6 months to Sept 30 1990	6 months to Sept 30 1989	Increase 1989-1990
Turnover (£m)	663.2	663.2	UP 3.1%
Pre-Tax Profit (£m)	80.8	80.8	UP 5.6%
Dividends (£m)	9.7	9.7	UP 10.0%
Dividends Per Share (Pence)	5.0	5.0	UP 10.0%
Earnings Per Share (Pence)	24.4	24.4	UP 5.0%



Siebe plc, Saxon House, 2-4 Victoria Street, Windsor, Berkshire SL4 1EN, England.

Handwritten signature or stamp at the bottom of the page.

FT SURVEYS

LONDON STOCK EXCHANGE

A GLOOMY stock market took its cue yesterday from ———

A GLOOMY stock market took its cue yesterday from negative company news and strong sterling, which led to widespread pessimism that there would be any early cut in UK interest rates, and certainly not before publication of the retail prices index on December 14.

The reversal of sentiment on interest rates over the last few days was given added impetus by a speech from Mr John Major, the British Minister of Finance, who reaffirmed yesterday that fighting inflation was the "consequence" of government economic policy.

Investors could find no encouragement on the international scene either. There were no suggestions that the G-7 talks in Brussels were close to collapse and meeting showed no sign of deviating from its statement that

Trafalgar dividend surprises

per cent, the second highest among index constituents.

Heavy turnover of 10n divestiture of 10n shares, capital gains tax and a recent dividend payment recently has been dominated by conflicting views on the likely dividend payment.

The price yesterday bounded to the upside before the speed of the recovery was checked by the fact that investors realised profits.

Eventually Trafalgar House was slightly below the best, showing a gain of 14 on the day at 18p.

Analysts said attention would now be focused on 1991 prospects. Mr David Ireland at Moore Govett commented that the outlook for the group still looks very tough, but its debt is manageable and its share price is a much better income proposition than before.

Busy trade in Gas

British Gas fell 5% to 224½p on high turnover of 22m after Mr James McKinnon, director-general of the Office of Gas Supply, said that by October 1988 it should give up a third of its share in the industrial gas market to competitors.

Initially there was some confusion as early reports suggested that British Gas would have to relinquish a third of all its UK markets. But it later emerged that Mr McKinnon was referring only to British Gas's industrial market, which would drop to 15 per cent of group profits.

Mr Steve Turner of Smith New Court said: "It has been known for some time that Mr McKinnon wanted to see increased competition, but his 50 per cent target was not known".

Analysts said they were unlikely to lower their profit forecasts as the effect of increased competition in the industrial market had already been factored into estimates. In addition, British Gas had yet to respond to Mr McKinnon's remarks while profits and divi-

Redland top post



Mr Robert Napier (pictured), managing director of REDLAND, will succeed Sir Colin Corness as chief executive from the annual meeting on May 23. Sir Colin remains chairman and Mr Napier continues as managing director.

- **COMMERCIAL UNION** has appointed Mr C.A.G.M. Schraauwers as a UK divisional director from March 1. He joins from Coopers & Lybrand Deloitte where he is the partner responsible for insurance consulting.
- **GARRAN HOLDINGS**, which is responsible for MAT's wholesale securities business

First Dealing Date	Nov 19	Dec 10	Dec 29
Option Declaration Date	Dec 6	Dec 27	Jan 10
Last Dealing Date	Dec 7	Dec 28	Jan 11
Account Due Date	Jan 7	Jan 7	Jan 21

These dealings may take place from 8.30 am on business days earlier.

proposed talks with Iraq would not "negotiate downwards" from United Nations resolutions. European and US markets took this to mean a lessening of the chances of a negotiated peace.

The FT-SE 100 opened 6 lower, partly a precautionary mark-down by marketmakers, prompted by a fault in the stock exchange's new company website. The market fell a few minutes of the day in negative territory, hitting a low just

Month	Yield (%)
Jan	3.2
Feb	3.8
Mar	4.2
Apr	4.5
May	4.8
Jun	4.9
Jul	5.0
Aug	5.1
Sep	5.2
Oct	4.8
Nov	5.2
Dec	4.8

Water placing

The water sector was the most active part of the market, with the sale of Waleh Water was eagerly welcomed in an institutional placing. Smith New Court found 34 institutional buyers for the 10.5m shares, which were sold at a 10% discount to the independent price. The sale was believed to be on behalf of Barings Asset Management.

The offer was oversubscribed, which reflected the fact that some institutions thought they could be underweight utility stocks after the elec-

As the market braces itself for results from Saatchi & Saatchi today, WPP's share price was hit by fresh worries about a high level of debt. The announcement of performance below WPP in the wake of its profits warning two weeks ago could not be traced to any further negative news concerning the company. Analysts said investors were being cautious as disappointing results from Holmes & Marchant yesterday highlighted the difficulties in the sector, and Saatchi's results were not expected to be inspiring.

An analyst said that "quite a lot of people got in expecting a bounce" in WPP after the profits warning. But when the outcome failed to materialise two weeks later, they started to worry about holding on to

before the close and finishing at 2166.3, down 16.4 on the day.

Several blue chips, including GEC and GEC, showed significant declines. There were more company downgrades: yesterday's victims included GKN and Turner & Newall.

Pessimism on the health of UK companies derived also from the main UK government statistic of the day: liquidity ratios. These are seen as an indicator of companies' cash flows, ability to invest and pay dividends. They reached their lowest levels in years.

Furthermore, the low new loan after two quarters where a long-term decline seemed to have steadied.

Liquidity was of particular interest because of results from the survey of companies having vulnerable dividends. Many analysts had expected a final

Dow Jones Industrial Average

Source: *Investment Digest*

September's night-year peak. **STP** ahead of Satchi's results. **STP** dropped 21 to 37p but was steady with a rise of 1/4 to 37p.

The disastrous results of its autumn winter sale of impressionist paintings on Monday hit the market. The sale of 150 paintings, which fell 18 to 155p. With 75 per cent left unsold in value terms, this was the worst sale that Christie has seen in many years and follows a disastrous sale of 19th-century New York art in 1992. Christie's, which was forced to lower its estimated sales from the auction from £50m to £30m, the event ended with only £10m and was downgraded by the press, which expects profits for the year to come down to £50m from a previ-

daily forecast: 255m. Sotheby's, which faces a similarly expressed market, however, managed a strong gain of 25 to 80p ahead of its sale last night.

Burmah - Control moved forward to acquiring chemical group Fosco by raising the price of its offer to 300p a share. It also raised the market price of its stock at the same level, making up some 6.15 per cent the Fosco equity, which gave Burmah an overall shareholding of 27.75 per cent.

The increased bid was quickly rejected by the board of Fosco. Turnover in the latter's shares expanded to 11m, they rose 16 to 296p. Burmah improved 6 to 477p, reflecting the increased chance it winning the day, said traders.

Waters City of London Properties responded to the joint

TOWNS FOR 1990

(CENTRALES) (S) B.L.P. Barry Weatherill
Cottons Group Cottons Group Ltd, Harding,
J.M. Ltd, J.S. Partnership, Melville, Rees,
Ramsay, Thompson, Thwaites, Whitcomb.
PROPERTY AND TEXTILES (A) TRANSPORT
TRUSTS IN C.A.B. Co. Ltd
COGNAC (A) SAATCHI (A) THIRD MANGER

dividend cut from Trafalgar House, largely because of the company's involvement in the depressed property sector. GEC, on the other hand, was prepared to maintain a long-standing tradition of increasing its payout. In the event, Trafalgar raised its full rate figure and GEC left its unchanged.

The Trafalgar decision turned out to be one of the few items of positive news during the day. Others included the successful placing by Smith Barney of a \$14m share issue in Welsh Water, the increased offer by Burmah for Foseco over two small bids in the construction sector.

But any benefit from this was limited by the lack of buying interest in the other sectors. London traders remained idle in the rest of the

venture with Sumitomo Corporation (TSC) to develop the offshore oil fields around the City of London. Waters shares gained 8 to 14 3/4, while the trend otherwise in the company was mixed.

After Monday's burst of enthusiasm, a greater balance returned to the property market and most leaders gave back some of their gains. Pilkington edged 6 down at 51 1/2 and Land Securities 5 lower at 52 1/2.

Pilkington bucked the wider market on speculation that the company might be contemplating a predatory move to acquire an appointment of a new BTR chief executive, who is seen as being aggressive, evidently boosted these hopes. Pilkington shares moved up 4 to 15 1/2.

A setback of 25 to 113p in the Gulf Colloid was also a reflection of the board's caution about the "increasingly adverse international economic outlook" than the interim results which was expected to be \$19.3m.

Flashed concern about the deteriorating environment for the US hotel industry unsettled the Bass share price, which closed 6 1/2 p lower at 195 1/2. Today's interim results. It is feared that the possibility of a recession in the US, are further clouding the outlook for the hotel industry, which has been a major source of hard currencies, where raw materials and luxuries have already been

ported. "It is not easy to paint a rosy scenario," commented Mr Mike McCarthy at Smith New Court.

Analysts, however, were quick to point out that brewing and the related retailing business are not the same. The wine market have proved relatively resilient in the face of prevailing recessionary fears.

In addition, the Holiday Inns franchising business has "very strong defensive qualities," observed Mr Graham Smith at County NatWest.

Other brewers held steady, with Grand Metropolitan announcing a change ahead of the year's results due to the business managed a moderate loss of 3 to 743p after announcements for a £125m European issue.

Trading announcements sent miscellaneous industrial investors in opposite directions. Siebe reported a change of fortune after reporting increased net profits of £55.3m, or 8.8p, and a higher dividend of 4.5p, which have encouraged considerably from 515p on the basis over the wisdom of the acquisition earlier this year, of Foxboro, of the US, covered 7 to 305p.

ty of low volumes in equities, total turnover on Seng screens was \$73.4m. This was above average for recent weeks, but included at least two programme trades accounting for 10-15% of the volume.

While institutions in the main shunned equities, they are active in gilts and treas. Longer dated gilts continued upwards in anticipation of interest rate cuts in the medium term, while the Foot-
stock futures contract was well headed. Analysts said that the market was "too hot to put off institutions."

"It is hard to deal in volume without the share price moving against you," said Mr Paul Makon of James Capel. He added that Gilt tension meant "safety" in gilt investments against the risks of shares.

Although the figures included only one month's falling from Forchord, Siebe and it was getting to grips with the acquisition. Analysts appeared to be in no haste to revise full year profit forecasts, preferring to await developments in the North American and UK economies which Siebe knew as being difficult

Equity Shares Traded
 turnover by volume (million)
 moving:
 Capital Business & Consumer turnover

Category	Oct	Nov	Dec
Capital	~45	~75	~85
Business	~35	~65	~75
Consumer	~25	~55	~65

the company.
 forecasts confirmed the mar-
 worst fears with sharply
 used mid-term profits. The

[illegible]

FINANCIAL TIMES STOCK INDICES												
	Dec 4	Dec 3	Nov 30	Nov 29	Nov 18	Year Ago	1990	Low	Since Completion	High	Low	High
Percentile Score	82.58	82.56	82.58	82.54	81.80	63.02	84.20 (2/1)	74.13 (20/4)	127.4 (1/1-23)	48.18 (3/1-73)		
ed Interest	90.13	90.13	90.23	90.85	88.48	92.40	92.91 (8/1)	83.80 (24/4)	105.4 (22/1-47)	50.53 (2/1-75)		
Heavy Share	1581.5	1595.3	1628.2	1614.8	1660.2	1836.8	1998.3 (3/1)	1510.4 (24/4)	2006.6 (5/1-86)	48.4 (28/6-63)		
ed Miles	152.3	157.8	160.2	157.6	150.1	288.7	378.5 (8/1)	152.3 (1/1)	734.7 (15/2-83)	43.5 (26/10/7)		
SE 100 Share	2149.3	2162.7	2149.4	2133.6	2144.3	2327.5	2453.7 (3/1)	2280.2 (28/1)	2483.7 (3/1-80)	986.9 (23/7/6-4)		
SE Euroshare 100	974.06	973.75	958.80	950.93	951.24	-	1000.00 (26/10)	947.11 (27/1)	1030.00 (20/10/80)	948.91 (27/1-90)		
Div. Yield	5.72	5.68	5.73	5.77	5.78	4.65						
Div. Yield (Ytd %)(p/m)	11.57	11.38	10.90	10.67	11.58	11.24						
Ratio Net(P/E)	10.08	10.16	10.97	10.91	10.08	10.77						
% Bargains 4.45pm	22,457	22,422	21,872	21,821	21,980	27,028						
by Turnover(%)	1594.81	1594.81	1594.81	1594.81	1594.81	1594.81						
by Bargains(%)	20,860	20,860	20,860	20,860	20,860	20,860						
by Trades (mln)	286.0	286.0	286.0	286.0	286.0	286.0						
Heavy Share Index, Hourly changes												
	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm				
	1889.4	1889.4	1889.4	1889.4	1889.4	1889.4	1889.4	1889.4				
SE, Hourly changes												
	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm				
	2160.9	2157.7	2161.9	2155.6	2150.1	2150.2	2144.2	2142.8				
SE Euroshare 100, Hourly changes												
	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm				
	969.81	969.81	970.36	970.43	970.03	968.96	968.96	N/A				

GILT EDGED ACTIVITY

Indices Dec 3 Nov 30

Gilt Edged 106.5 150.0

Bargains 106.5 150.0

5-Day average 144.7 157.4

SE ACTIVITY 1974.

Excluding intra-market business & Overseas turnover.

London report and latest Share Index:

Tel. 0698 123001

[illegible]

on trading volume for most Alpha securities dealt through the SEAO system year-to-date until 4:30pm.

amount expected by some analysts. Mr Richard Rae of the Govett lowered his full profits estimate to \$26m from \$30m but upward revised dividend forecast to 10p a share, compared to last year's distribution of 8p. This provided some support for the shares, which started from an initial 115p to overnight position of 118p. SEC surprised the market by increasing its interim dividend of 2.55p, causing its price to fall 8 to 177p. The nine in half-price profits to come from \$57.7m compared

\$350m. Analysts said a 10 per cent drop in earnings per share for the rest of the year was likely. Estimates for full year profits were likely to be scaled down from around \$80m to below \$60m.

USM-listed Serif Cowells jumped 17 to 43p on news of negotiations which could result in a management buy-out.

Textile company Leeds injected some encouragement to the sector by disclosing both higher profits and dividend coupled with a positive statement on prospects. The thinly

an advance of 10 to 188p.

Better than expected full year results gave a boost to Huntingdon, which saw its share price climb 30 to 273p. The market was pleasantly surprised by profits of £18m for 1990, which was above analysts' forecasts of a little over £16m, said Mr Ian White at Kleinwort Benson. Kleinwort has upgraded its forecast for Huntingdon and now expects profits of £22.5m for 1991.

■ Other Market statistics, including the FT-Accurates

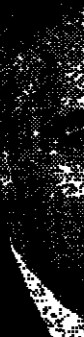
LONDON SHARE SERVICE

BRITISH FUNDS—Contd

AMERICANS—Contd

Yield	1999	Stock	Price	↑ = +	Int.	Yield	1999	Stock	Price	↑ = +	Int.	Yield
High	Low						High	Low				
Index-Linked												
		(b)							(1)	(2)		
12.51	126.1	104.1	2c 7500	672.80	126.1	+	2.00	6.01	577	1760	104.1	104.1
12.51	126.1	104.1	2c 7500	672.80	126.1	+	2.00	6.01	577	1760	104.1	104.1
12.51	126.1	104.1	2c 7500	672.80	126.1	+	2.00	6.01	577	1760	104.1	104.1
12.51	126.1	104.1	2c 7500	672.80	126.1	+	2.00	6.01	577	1760	104.1	104.1
12.51	126.1	104.1	2c 7500	672.80	126.1	+	2.00	6.01	577	1760	104.1	104.1
12.51	126.1	104.1	2c 7500	672.80	126.1	+	2.00	6.01	577	1760	104.1	104.1
12.51	126.1	104.1	2c 7500	672.80	126.1	+	2.00	6.01	577	1760	104.1	104.1
12.51	126.1	104.1	2c 7500	672.80	126.1	+	2.00	6.01	577	1760	104.1	104.1
12.51	126.1	104.1	2c 7500	672.80	126.1	+	2.00	6.01	577	1760	104.1	104.1
12.51	126.1	104.1	2c 7500	672.80	126.1	+	2.00	6.01	577	1760	104.1	104.1
12.51	126.1	104.1	2c 7500	672.80	126.1	+	2.00	6.01	577	1760	104.1	104.1
12.51	126.1	104.1	2c 7500	672.80	126.1	+	2.00	6.01	577	1760	104.1	104.1
12.51	126.1	104.1	2c 7500	672.80	126.1	+	2.00	6.01	577	1760	104.1	104.1
12.51	126.1	104.1	2c 7500	672.80	126.1	+	2.00	6.01	577	1760	104.1	104.1
12.51	126.1	104.1	2c 7500	672.80	126.1	+	2.00	6.01	577	1760	104.1	104.1
12.51	126.1	104.1	2c 7500	672.80	126.1	+	2.00	6.01	577	1760	104.1	104.1
12.51	126.1	104.1	2c 7500	672.80	126.1	+	2.00	6.01	577	1760	104.1	104.1
12.51	126.1	104.1	2c 7500	672.80	126.1	+	2.00	6.01	577	1760	104.1	104.1
12.51	126.1	104.1	2c 7500	672.80	126.1	+	2.00	6.01	577	1760	104.1	104.1
12.51	126.1	104.1	2c 7500	672.80	126.1	+	2.00	6.01	577	1760	104.1	104.1
12.51	126.1	104.1	2c 7500	672.80	126.1	+	2.00	6.01	577	1760	104.1	104.1
12.51	126.1	104.1	2c 7500	672.80	126.1	+	2.00	6.01	577	1760	104.1	104.1
12.51	126.1	104.1	2c 7500	672.80	126.1	+	2.00	6.01	577	1760	104.1	104.1
12.51	126.1	104.1	2c 7500	672.80	126.1	+	2.00	6.01	577	1760	104.1	104.1
12.51	126.1	104.1	2c 7500	672.80	126.1	+	2.00	6.01	577	1760	104.1	104.1
12.51	126.1	104.1	2c 7500	672.80	126.1	+	2.00	6.01	577	1760	104.1	104.1
12.51	126.1	104.1	2c 7500	672.80	126.1	+	2.00	6.01	577	1760	104.1	104.1
12.51	126.1	104.1	2c 7500	672.80	126.1	+	2.00	6.01	577	1760	104.1	104.1
12.51	126.1	104.1	2c 7500	672.80	126.1	+	2.00	6.01	577	1760	104.1	104.1
12.51	126.1	104.1	2c 7500	672.80	126.1	+	2.00	6.01	577	1760	104.1	104.1
12.51	126.1	104.1	2c 7500	672.80	126.1	+	2.00	6.01	577	1760	104.1	104.1
12.51	126.1	104.1	2c 7500	672.80	126.1	+	2.00	6.01	577	1760	104.1	104.1
12.51	126.1	104.1	2c 7500	672.80	126.1	+	2.00	6.01	577	1760	104.1	104.1
12.51	126.1	104.1	2c 7500	672.80	126.1	+	2.00	6.01	577	1760	104.1	104.1
12.51	126.1	104.1	2c 7500	672.80	126.1	+	2.00	6.01	577	1760	104.1	104.1
12.51	126.1	104.1	2c 7500	672.80	126.1	+	2.00	6.01	577	1760	104.1	104.1
12.51	126.1	104.1	2c 7500	672.80	126.1	+	2.00	6.01	577	1760	104.1	104.1
12.51	126.1	104.1	2c 7500	672.80	126.1	+	2.00	6.01	577	1760	104.1	104.1
12.51	126.1	104.1	2c 7500	672.80	126.1	+	2.00	6.01	577	1760	104.1	104.1
12.51	126.1	104.1	2c 7500	672.80	126.1	+	2.00	6.01	577	1760	104.1	104.1
12.51	126.1	104.1	2c 7500	672.80	126.1	+	2.00	6.01	577	1760	104.1	104.1
12.51	126.1	104.1	2c 7500	672.80	126.1	+	2.00	6.01	577	1760	104.1	104.1
12.51	126.1	104.1	2c 7500	672.80	126.1	+	2.00	6.01	577	1760	104.1	104.1
12.51	126.1	104.1	2c 7500	672.80	126.1	+	2.00	6.01	577	1760	104.1	104.1
12.51	126.1	104.1	2c 7500	672.80	126.1	+	2.00	6.01	577	1760	104.1	104.1
12.51	126.1	104.1	2c 7500	672.80	126.1	+	2.00	6.01	577	1760	104.1	104.1
12.51	126.1	104.1	2c 7500	672.80	126.1	+	2.00	6.01	577	1760	104.1	104.1
12.51	126.1	104.1	2c 7500	672.80	126.1	+	2.00	6.01	577	1760	104.1	104.1
12.51	126.1	104.1	2c 7500	672.80	126.1	+	2.00	6.01	577	1760	104.1	104.1
12.51	126.1	104.1	2c 7500	672.80	126.1	+	2.00	6.01	577	1760	104.1	104.1
12.51	126.1	104.1	2c 7500	672.80	126.1	+	2.00	6.01	577	1760	104.1	104.1
12.51	126.1	104.1	2c 7500	672.80	126.1	+	2.00	6.01	577	1760	104.1	104.1
12.51	126.1	104.1	2c 7500	672.80	126.1	+	2.00	6.01	577	1760	104.1	104.1
12.51	126.1	104.1	2c 7500	672.80	126.1	+	2.00	6.01	577	1760	104.1	104.1
12.51	126.1	104.1	2c 7500	672.80	126.1	+	2.00	6.01	577	1760	104.1	104.1
12.51	126.1	104.1	2c 7500	672.80	126.1	+	2.00	6.01	577	1760	104.1	104.1
12.51	126.1	104.1	2c 7500	672.80	126.1	+	2.00	6.01	577	1760	104.1	104.1
12.51	126.1	104.1	2c 7500	672.80	126.1	+	2.00	6.01	577	1760	104.1	104.1
12.51	126.1	104.1	2c 7500	672.80	126.1	+	2.00	6.01	577	1760	104.1	104.1
12.51	126.1	104.1	2c 7500	672.80	126.1	+	2.00	6.01	577	1760</		

Redland top post



Mr Robert Napier (pictured), managing director of REDLAND, will succeed Sir Colla Corness as chief executive from the annual meeting on May 23. Sir Colla remains chairman and Mr Napier continues as managing director.

■ **COMMERCIAL UNION** has appointed Mr C.A.G.M. Schraauwers as a UK divisional director from March 1. He joins from Coopers & Lybrand Deloitte where he is the partner responsible for insurance consulting.

■ **GARRAN HOLDINGS**, which is responsible for MAT's wholesale securities business

Joining board of GEC

THE GENERAL COMPANY has appointed Dr Anthony 'Reddy' to the board. He is chairman, president and chief executive officer of E.J. Heins company in the US. Dr 'Reddy' is also chairman of Brewster; chairman of Independent Newspapers; and chairman of Atlantic Resources; all based in Ireland. He was born in Dublin.

LLOYDS ABBEY LIFE has appointed Mr James Joll as non-executive director. He is finance director of Pearson.

JOHNSON BROTHERS (LONDON) has appointed Mr John Blund as retail sales director, and Mr Richard Valentine becomes retail chemical director.

CAPEL-CURE MYERS CAPITAL MANAGEMENT has appointed Mr Roddy Buchanan as divisional director of newly-formed central division, encompassing offices in Birmingham, Bristol, Cardiff and Swansea. This new post allows the acquisition of the Investment Group. Mr Buchanan has been a director since 1968, and was deputy head of private client operations.

GAMDEN MOTORS, part of the Barclays Bank Group, has appointed Mr Paul Winkley as managing director.

was deputy managing director, and succeeds Mr John Ardley who has become chairman of Camden Motors and managing director of

Mr. Christopher Ross has an appointed managing director of a consulting firm, the **Reclays subsidiary** which is in Camden.

Mr. Christopher Ross has an appointed managing director of **RICARDO CONSULTING ENGINEERS**, a subsidiary division of Ricardo, a multinational. He was group managing director of **Molins**.



ENST & YOUNG has appointed **Mr. Henry Mutkin** (pictured) as a consultant director. He was a service director of the **Royal Bank of Canada's** merchant banking operations in London. He continues as a non-executive director of the **Royal Automobile Club**, and **Arthur & Sons**.

[illegible]

COMMON MARKET AFRICAN LOANS									
10.72	20d	Stock Bond 2 1/2% Unsecured		20d		1			
11.02	84 1/2	84 1/2 Do 4 1/2% 1972-2000		84 1/2	3.53	9.53			
10.75									
11.05									
10.57									
11.01									
10.93									
11.03									
10.85									
10.95									
10.67									
10.83									
11.12									
10.78									
11.02									
LOANS									
Building Societies									
10.91	100 1/2	100 1/2 10 1/2% 15-15-2021		103 1/2		4.91	5.29		
10.98	100 1/2	100 1/2 10 1/2% 2-2021		105 1/2		4.90	4.95		
Public Board and Ind.									
10.81	25d	25d 10% 5-10-70		25 1/2		5.6d	9.50		
FOREIGN BONDS & RAILS									
1990		Price	100	100	100	100	100	100	100
10.81	100 1/2	100 1/2 10 1/2% 15-15-2021		103 1/2		4.91	5.29		
10.98	100 1/2	100 1/2 10 1/2% 2-2021		105 1/2		4.90	4.95		
AMERICANS									
1990		Price	100	100	100	100	100	100	100
10.81	100 1/2	100 1/2 10 1/2% 15-15-2021		103 1/2		4.91	5.29		
10.98	100 1/2	100 1/2 10 1/2% 2-2021		105 1/2		4.90	4.95		

Company	Price	% Chg	Volume	High	Low	Open	Close
Master. \$1	16 1/2	+5	720	16 3/4	16 1/4	16 1/4	16 1/2
Warner \$1	43 1/2	+13	1,000	44 1/2	42 1/2	42 1/2	43 1/2
NA Corp	8 1/2	-	100	8 3/4	8 1/4	8 1/4	8 1/2
Public Corp	16 1/2	-1/2	1,400	16 3/4	16 1/4	16 1/4	16 1/2
Technologies	24 1/2	+1	1,800	25 1/2	24 1/4	24 1/4	24 1/2

[illegible]

● Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 071-925-2121

INDUSTRIALS (MISCELL.)—Contd.

Line	Stock	Price	Chg
111	111	87.83	+
112	112	8	1.2
113	113	1.2	1.2
114	114	1.2	1.2
115	115	1.2	1.2
116	116	1.2	1.2
117	117	1.2	1.2
118	118	1.2	1.2
119	119	1.2	1.2
120	120	1.2	1.2
121	121	1.2	1.2
122	122	1.2	1.2
123	123	1.2	1.2
124	124	1.2	1.2
125	125	1.2	1.2
126	126	1.2	1.2
127	127	1.2	1.2
128	128	1.2	1.2
129	129	1.2	1.2
130	130	1.2	1.2
131	131	1.2	1.2
132	132	1.2	1.2
133	133	1.2	1.2
134	134	1.2	1.2
135	135	1.2	1.2
136	136	1.2	1.2
137	137	1.2	1.2
138	138	1.2	1.2
139	139	1.2	1.2
140	140	1.2	1.2
141	141	1.2	1.2
142	142	1.2	1.2
143	143	1.2	1.2
144	144	1.2	1.2
145	145	1.2	1.2
146	146	1.2	1.2
147	147	1.2	1.2
148	148	1.2	1.2
149	149	1.2	1.2
150	150	1.2	1.2
151	151	1.2	1.2
152	152	1.2	1.2
153	153	1.2	1.2
154	154	1.2	1.2
155	155	1.2	1.2
156	156	1.2	1.2
157	157	1.2	1.2
158	158	1.2	1.2
159	159	1.2	1.2
160	160	1.2	1.2
161	161	1.2	1.2
162	162	1.2	1.2
163	163	1.2	1.2
164	164	1.2	1.2
165	165	1.2	1.2
166	166	1.2	1.2
167	167	1.2	1.2
168	168	1.2	1.2
169	169	1.2	1.2
170	170	1.2	1.2
171	171	1.2	1.2
172	172	1.2	1.2
173	173	1.2	1.2
174	174	1.2	1.2
175	175	1.2	1.2
176	176	1.2	1.2
177	177	1.2	1.2
178	178	1.2	1.2
179	179	1.2	1.2
180	180	1.2	1.2
181	181	1.2	1.2
182	182	1.2	1.2
183	183	1.2	1.2
184	184	1.2	1.2
185	185	1.2	1.2
186	186	1.2	1.2
187	187	1.2	1.2
188	188	1.2	1.2
189	189	1.2	1.2
190	190	1.2	1.2
191	191	1.2	1.2
192	192	1.2	1.2
193	193	1.2	1.2
194	194	1.2	1.2
195	195	1.2	1.2
196	196	1.2	1.2
197	197	1.2	1.2
198	198	1.2	1.2
199	199	1.2	1.2
200	200	1.2	1.2

157	113	Wood (Arthur) Sp. y	117	.....	4.1	2.3	4.1
158	90	Worcester 10p.....y	98	.....	13.82	3.4	5.7
50	31	Worthamton (A J) 10p. y	31	.....	0.63	5.2	2.2

102	61 Wythe County	50	1.75	23.83
103	62 " "	50	1.75	23.83
104	63 " "	50	1.75	23.83
105	64 " "	50	1.75	23.83
106	65 " "	50	1.75	23.83
107	66 " "	50	1.75	23.83
108	67 " "	50	1.75	23.83
109	68 " "	50	1.75	23.83
110	69 " "	50	1.75	23.83
111	70 " "	50	1.75	23.83
112	71 " "	50	1.75	23.83
113	72 " "	50	1.75	23.83
114	73 " "	50	1.75	23.83
115	74 " "	50	1.75	23.83
116	75 " "	50	1.75	23.83
117	76 " "	50	1.75	23.83
118	77 " "	50	1.75	23.83
119	78 " "	50	1.75	23.83
120	79 " "	50	1.75	23.83
121	80 " "	50	1.75	23.83
122	81 " "	50	1.75	23.83
123	82 " "	50	1.75	23.83
124	83 " "	50	1.75	23.83
125	84 " "	50	1.75	23.83
126	85 " "	50	1.75	23.83
127	86 " "	50	1.75	23.83
128	87 " "	50	1.75	23.83
129	88 " "	50	1.75	23.83
130	89 " "	50	1.75	23.83
131	90 " "	50	1.75	23.83
132	91 " "	50	1.75	23.83
133	92 " "	50	1.75	23.83
134	93 " "	50	1.75	23.83
135	94 " "	50	1.75	23.83
136	95 " "	50	1.75	23.83
137	96 " "	50	1.75	23.83
138	97 " "	50	1.75	23.83
139	98 " "	50	1.75	23.83
140	99 " "	50	1.75	23.83
141	100 " "	50	1.75	23.83
142	101 " "	50	1.75	23.83
143	102 " "	50	1.75	23.83
144	103 " "	50	1.75	23.83
145	104 " "	50	1.75	23.83
146	105 " "	50	1.75	23.83
147	106 " "	50	1.75	23.83
148	107 " "	50	1.75	23.83
149	108 " "	50	1.75	23.83
150	109 " "	50	1.75	23.83
151	110 " "	50	1.75	23.83
152	111 " "	50	1.75	23.83
153	112 " "	50	1.75	23.83
154	113 " "	50	1.75	23.83
155	114 " "	50	1.75	23.83
156	115 " "	50	1.75	23.83
157	116 " "	50	1.75	23.83
158	117 " "	50	1.75	23.83
159	118 " "	50	1.75	23.83
160	119 " "	50	1.75	23.83
161	120 " "	50	1.75	23.83
162	121 " "	50	1.75	23.83
163	122 " "	50	1.75	23.83
164	123 " "	50	1.75	23.83
165	124 " "	50	1.75	23.83
166	125 " "	50	1.75	23.83
167	126 " "	50	1.75	23.83
168	127 " "	50	1.75	23.83
169	128 " "	50	1.75	23.83
170	129 " "	50	1.75	23.83
171	130 " "	50	1.75	23.83
172	131 " "	50	1.75	23.83
173	132 " "	50	1.75	23.83
174	133 " "	50	1.75	23.83
175	134 " "	50	1.75	23.83
176	135 " "	50	1.75	23.83
177	136 " "	50	1.75	23.83
178	137 " "	50	1.75	23.83
179	138 " "	50	1.75	23.83
180	139 " "	50	1.75	23.83
181	140 " "	50	1.75	23.83
182	141 " "	50	1.75	23.83
183	142 " "	50	1.75	23.83
184	143 " "	50	1.75	23.83
185	144 " "	50	1.75	23.83
186				

321	265 Lloyd Thompson 5p..	384	7.5	2.1	3.9
354	274 Loyds Abbey Life 5p	339	17.0	-	6.7

156	105 American Idol	143	7.0	6.5
157	106 United Line	144	7.0	6.5
158	107 America's Funniest Home Videos	145	7.0	6.5
159	108 America's Funniest Home Videos	146	7.0	6.5
160	109 America's Funniest Home Videos	147	7.0	6.5
161	110 America's Funniest Home Videos	148	7.0	6.5
162	111 America's Funniest Home Videos	149	7.0	6.5
163	112 America's Funniest Home Videos	150	7.0	6.5
164	113 America's Funniest Home Videos	151	7.0	6.5
165	114 America's Funniest Home Videos	152	7.0	6.5
166	115 America's Funniest Home Videos	153	7.0	6.5
167	116 America's Funniest Home Videos	154	7.0	6.5
168	117 America's Funniest Home Videos	155	7.0	6.5
169	118 America's Funniest Home Videos	156	7.0	6.5
170	119 America's Funniest Home Videos	157	7.0	6.5
171	120 America's Funniest Home Videos	158	7.0	6.5
172	121 America's Funniest Home Videos	159	7.0	6.5
173	122 America's Funniest Home Videos	160	7.0	6.5
174	123 America's Funniest Home Videos	161	7.0	6.5
175	124 America's Funniest Home Videos	162	7.0	6.5
176	125 America's Funniest Home Videos	163	7.0	6.5
177	126 America's Funniest Home Videos	164	7.0	6.5
178	127 America's Funniest Home Videos	165	7.0	6.5
179	128 America's Funniest Home Videos	166	7.0	6.5
180	129 America's Funniest Home Videos	167	7.0	6.5
181	130 America's Funniest Home Videos	168	7.0	6.5
182	131 America's Funniest Home Videos	169	7.0	6.5
183	132 America's Funniest Home Videos	170	7.0	6.5
184	133 America's Funniest Home Videos	171	7.0	6.5
185	134 America's Funniest Home Videos	172	7.0	6.5
186	135 America's Funniest Home Videos	173	7.0	6.5
187	136 America's Funniest Home Videos	174	7.0	6.5
188	137 America's Funniest Home Videos	175	7.0	6.5
189	138 America's Funniest Home Videos	176	7.0	6.5
190	139 America's Funniest Home Videos	177	7.0	6.5
191	140 America's Funniest Home Videos	178	7.0	6.5
192	141 America's Funniest Home Videos	179	7.0	6.5
193	142 America's Funniest Home Videos	180	7.0	6.5
194	143 America's Funniest Home Videos	181	7.0	6.5
195	144 America's Funniest Home Videos	182	7.0	6.5
196	145 America's Funniest Home Videos	183	7.0	6.5
197	146 America's Funniest Home Videos	184	7.0	6.5
198	147 America's Funniest Home Videos	185	7.0	6.5
199	148 America's Funniest Home Videos	186	7.0	6.5
200	149 America's Funniest Home Videos	187	7.0	6.5
201	150 America's Funniest Home Videos	188	7.0	6.5
202	151 America's Funniest Home Videos	189	7.0	6.5
203	152 America's Funniest Home Videos	190	7.0	6.5
204	153 America's Funniest Home Videos	191	7.0	6.5
205	154 America's Funniest Home Videos	192	7.0	6.5
206	155 America's Funniest Home Videos	193	7.0	6.5
207	156 America's Funniest Home Videos	194	7.0	6.5
208	157 America's Funniest Home Videos	195	7.0	6.5
209	158 America's Funniest Home Videos	196	7.0	6.5
210	159 America's Funniest Home Videos	197	7.0	6.5
211	160 America's Funniest Home Videos	198	7.0	6.5
212	161 America's Funniest Home Videos	199	7.0	6.5
213	162 America's Funniest Home Videos	200	7.0	6.5
214	163 America's Funniest Home Videos	201	7.0	6.5
215	164 America's Funniest Home Videos	202	7.0	6.5
216	165 America's Funniest Home Videos	203	7.0	6.5
217	166 America's Funniest Home Videos	204	7.0	6.5
218	167 America's Funniest Home Videos	205	7.0	6.5
219	168 America's Funniest Home Videos	206	7.0	6.5
220	169 America's Funniest Home Videos	207	7.0	6.5
221	170 America's Funniest Home Videos	208	7.0	6.5
222	171 America's Funniest Home Videos	209	7.0	6.5
223	172 America's Funniest Home Videos	210	7.0	6.5
224	173 America's Funniest Home Videos	211	7.0	6.5
225	174 America's Funniest Home Videos	212	7.0	6.5
226	175 America's Funniest Home Videos	213	7.0	6.5
227	176 America's Funniest Home Videos	214	7.0	6.5
228	177 America's Funniest Home Videos	215	7.0	6.5
229	178 America's Funniest Home Videos	216	7.0	6.5
230	179 America's Funniest Home Videos	217	7.0	6.5
231	180 America's Funniest Home Videos	218	7.0	6.5
232	181 America's Funniest Home Videos	219	7.0	6.5
233	182 America's Funniest Home Videos	220	7.0	6.5
234	183 America's Funniest Home Videos	221	7.0	6.5

67	37 Owners Abroad 3p	47	+2	12.5	3.7	7.1	5
108	75 Do. 9.75p Cr. Rd. Pl. y	78	+2	9.75	-	16.7	5
91	80 Partition Lease 18p	11		14.5	2.8	8	6

210	Packaging	227	1	104	25	1	2.6	1.6	1
211	Shipbuilding	228	1	105	1	1	7.4	1.6	1
212	Transportation	229	1	106	1	1	1.7	1.6	1
213	Transportation	230	1	107	1	1	1.7	1.6	1
214	Transportation	231	1	108	1	1	1.7	1.6	1
215	Transportation	232	1	109	1	1	1.7	1.6	1
216	Transportation	233	1	110	1	1	1.7	1.6	1
217	Transportation	234	1	111	1	1	1.7	1.6	1
218	Transportation	235	1	112	1	1	1.7	1.6	1
219	Transportation	236	1	113	1	1	1.7	1.6	1
220	Transportation	237	1	114	1	1	1.7	1.6	1
221	Transportation	238	1	115	1	1	1.7	1.6	1
222	Transportation	239	1	116	1	1	1.7	1.6	1
223	Transportation	240	1	117	1	1	1.7	1.6	1
224	Transportation	241	1	118	1	1	1.7	1.6	1
225	Transportation	242	1	119	1	1	1.7	1.6	1
226	Transportation	243	1	120	1	1	1.7	1.6	1
227	Transportation	244	1	121	1	1	1.7	1.6	1
228	Transportation	245	1	122	1	1	1.7	1.6	1
229	Transportation	246	1	123	1	1	1.7	1.6	1
230	Transportation	247	1	124	1	1	1.7	1.6	1
231	Transportation	248	1	125	1	1	1.7	1.6	1
232	Transportation	249	1	126	1	1	1.7	1.6	1
233	Transportation	250	1	127	1	1	1.7	1.6	1
234	Transportation	251	1	128	1	1	1.7	1.6	1
235	Transportation	252	1	129	1	1	1.7	1.6	1
236	Transportation	253	1	130	1	1	1.7	1.6	1
237	Transportation	254	1	131	1	1	1.7	1.6	1
238	Transportation	255	1	132	1	1	1.7	1.6	1
239	Transportation	256	1	133	1	1	1.7	1.6	1
240	Transportation	257	1	134	1	1	1.7	1.6	1
241	Transportation	258	1	135	1	1	1.7	1.6	1
242	Transportation	259	1	136	1	1	1.7	1.6	1
243	Transportation	260	1	137	1	1	1.7	1.6	1
244	Transportation	261	1	138	1	1	1.7	1.6	1
245	Transportation	262	1	139	1	1	1.7	1.6	1
246	Transportation	263	1	140	1	1	1.7	1.6	1
247	Transportation	264	1	141	1	1	1.7	1.6	1
248	Transportation	265	1	142	1	1	1.7	1.6	1
249	Transportation	266	1	143	1	1	1.7	1.6	1
250	Transportation	267	1	144	1	1	1.7	1.6	1
251	Transportation	268	1	145	1	1	1.7	1.6	1
252	Transportation	269	1	146	1	1	1.7	1.6	1
253	Transportation	270	1	147	1	1	1.7	1.6	1
254	Transportation	271	1	148	1	1	1.7	1.6	1
255	Transportation	272	1	149	1	1	1.7	1.6	1
256	Transportation	273	1	150	1	1	1.7	1.6	1
257	Transportation	274	1	151	1	1	1.7	1.6	1
258	Transportation	275	1	152	1	1	1.7	1.6	1
259	Transportation	276	1	153	1	1	1.7	1.6	1
260	Transportation	277	1	154	1	1	1.7	1.6	1
261	Transportation	278	1	155	1	1	1.7	1.6	1
262	Transportation	279	1	156	1	1	1.7	1.6	1
263									

هكذا منذ البداية

LONDON SHARE SERVICE

Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 071-925-2123

MOTORS, AIRCRAFT TRADES

1990 High Low Stock Price Div Yld %

1990 High	1990 Low	Stock	Price	Div	Yld %
12.50	12.00	Aviation Partners	12.25	0.50	4.08
12.50	12.00	Aviation Partners	12.25	0.50	4.08
12.50	12.00	Aviation Partners	12.25	0.50	4.08
12.50	12.00	Aviation Partners	12.25	0.50	4.08
12.50	12.00	Aviation Partners	12.25	0.50	4.08

1990 High	1990 Low	Stock	Price	Div	Yld %
12.50	12.00	Aviation Partners	12.25	0.50	4.08
12.50	12.00	Aviation Partners	12.25	0.50	4.08
12.50	12.00	Aviation Partners	12.25	0.50	4.08
12.50	12.00	Aviation Partners	12.25	0.50	4.08
12.50	12.00	Aviation Partners	12.25	0.50	4.08

NEWSPAPERS, PUBLISHERS

1990 High	1990 Low	Stock	Price	Div	Yld %
12.50	12.00	Aviation Partners	12.25	0.50	4.08
12.50	12.00	Aviation Partners	12.25	0.50	4.08
12.50	12.00	Aviation Partners	12.25	0.50	4.08
12.50	12.00	Aviation Partners	12.25	0.50	4.08
12.50	12.00	Aviation Partners	12.25	0.50	4.08

PAPER, PRINTING, ADVERTISING

1990 High	1990 Low	Stock	Price	Div	Yld %
12.50	12.00	Aviation Partners	12.25	0.50	4.08
12.50	12.00	Aviation Partners	12.25	0.50	4.08
12.50	12.00	Aviation Partners	12.25	0.50	4.08
12.50	12.00	Aviation Partners	12.25	0.50	4.08
12.50	12.00	Aviation Partners	12.25	0.50	4.08

PROPERTY

1990 High	1990 Low	Stock	Price	Div	Yld %
12.50	12.00	Aviation Partners	12.25	0.50	4.08
12.50	12.00	Aviation Partners	12.25	0.50	4.08
12.50	12.00	Aviation Partners	12.25	0.50	4.08
12.50	12.00	Aviation Partners	12.25	0.50	4.08
12.50	12.00	Aviation Partners	12.25	0.50	4.08

PROPERTY - Contd

1990 High	1990 Low	Stock	Price	Div	Yld %
12.50	12.00	Aviation Partners	12.25	0.50	4.08
12.50	12.00	Aviation Partners	12.25	0.50	4.08
12.50	12.00	Aviation Partners	12.25	0.50	4.08
12.50	12.00	Aviation Partners	12.25	0.50	4.08
12.50	12.00	Aviation Partners	12.25	0.50	4.08

SHOES AND LEATHER

1990 High	1990 Low	Stock	Price	Div	Yld %
12.50	12.00	Aviation Partners	12.25	0.50	4.08

SOUTH AFRICANS

1990 High	1990 Low	Stock	Price	Div	Yld %
12.50	12.00	Aviation Partners	12.25	0.50	4.08

TEXTILES

1990 High	1990 Low	Stock	Price	Div	Yld %
12.50	12.00	Aviation Partners	12.25	0.50	4.08
12.50	12.00	Aviation Partners	12.25	0.50	4.08
12.50	12.00	Aviation Partners	12.25	0.50	4.08
12.50	12.00	Aviation Partners	12.25	0.50	4.08
12.50	12.00	Aviation Partners	12.25	0.50	4.08

TOBACCO

1990 High	1990 Low	Stock	Price	Div	Yld %
12.50	12.00	Aviation Partners	12.25	0.50	4.08

TRANSPORT

1990 High	1990 Low	Stock	Price	Div	Yld %
12.50	12.00	Aviation Partners	12.25	0.50	4.08
12.50	12.00	Aviation Partners	12.25	0.50	4.08
12.50	12.00	Aviation Partners	12.25	0.50	4.08
12.50	12.00	Aviation Partners	12.25	0.50	4.08
12.50	12.00	Aviation Partners	12.25	0.50	4.08

INVESTMENT TRUST

1990 High	1990 Low	Stock	Price	Div	Yld %
12.50	12.00	Aviation Partners	12.25	0.50	4.08
12.50	12.00	Aviation Partners	12.25	0.50	4.08
12.50	12.00	Aviation Partners	12.25	0.50	4.08
12.50	12.00	Aviation Partners	12.25	0.50	4.08
12.50	12.00	Aviation Partners	12.25	0.50	4.08

INVESTMENT TRUST - Contd

1990 High	1990 Low	Stock	Price	Div	Yld %
12.50	12.00	Aviation Partners	12.25	0.50	4.08
12.50	12.00	Aviation Partners	12.25	0.50	4.08
12.50	12.00	Aviation Partners	12.25	0.50	4.08
12.50	12.00	Aviation Partners	12.25	0.50	4.08
12.50	12.00	Aviation Partners	12.25	0.50	4.08

FINANCE, LAND, ETC

1990 High	1990 Low	Stock	Price	Div	Yld %
12.50	12.00	Aviation Partners	12.25	0.50	4.08
12.50	12.00	Aviation Partners	12.25	0.50	4.08
12.50	12.00	Aviation Partners	12.25	0.50	4.08
12.50	12.00	Aviation Partners	12.25	0.50	4.08
12.50	12.00	Aviation Partners	12.25	0.50	4.08

WATER

1990 High	1990 Low	Stock	Price	Div	Yld %
12.50	12.00	Aviation Partners	12.25	0.50	4.08

OIL AND GAS

1990 High	1990 Low	Stock	Price	Div	Yld %
12.50	12.00	Aviation Partners	12.25	0.50	4.08
12.50	12.00	Aviation Partners	12.25	0.50	4.08
12.50	12.00	Aviation Partners	12.25	0.50	4.08
12.50	12.00	Aviation Partners	12.25	0.50	4.08
12.50	12.00	Aviation Partners	12.25	0.50	4.08

INVESTMENT TRUST - Contd

1990 High	1990 Low	Stock	Price	Div	Yld %
12.50	12.00	Aviation Partners	12.25	0.50	4.08
12.50	12.00	Aviation Partners	12.25	0.50	4.08
12.50	12.00	Aviation Partners	12.25	0.50	4.08
12.50	12.00	Aviation Partners	12.25	0.50	4.08
12.50	12.00	Aviation Partners	12.25	0.50	4.08

FINANCE, LAND, ETC

1990 High	1990 Low	Stock	Price	Div	Yld %
12.50	12.00	Aviation Partners	12.25	0.50	4.08
12.50	12.00	Aviation Partners	12.25	0.50	4.08
12.50	12.00	Aviation Partners	12.25	0.50	4.08
12.50	12.00	Aviation Partners	12.25	0.50	4.08
12.50	12.00	Aviation Partners	12.25	0.50	4.08

WATER

1990 High	1990 Low	Stock	Price	Div	Yld %
12.50	12.00	Aviation Partners	12.25	0.50	4.08

OIL AND GAS

1990 High	1990 Low	Stock	Price	Div	Yld %
12.50	12.00	Aviation Partners	12.25	0.50	4.08
12.50	12.00	Aviation Partners	12.25	0.50	4.08
12.50	12.00	Aviation Partners	12.25	0.50	4.08
12.50	12.00	Aviation Partners	12.25	0.50	4.08
12.50	12.00	Aviation Partners	12.25	0.50	4.08

OIL AND GAS - Contd

1990 High	1990 Low	Stock	Price	Div	Yld %
12.50	12.00	Aviation Partners	12.25	0.50	4.08
12.50	12.00	Aviation Partners	12.25	0.50	4.08
12.50	12.00	Aviation Partners	12.25	0.50	4.08
12.50	12.00	Aviation Partners	12.25	0.50	4.08
12.50	12.00	Aviation Partners	12.25	0.50	4.08

OVERSEAS TRADERS

1990 High	1990 Low	Stock	Price	Div	Yld %
12.50	12.00	Aviation Partners	12.25	0.50	4.08

PLANTATIONS

1990 High	1990 Low	Stock	Price	Div	Yld %
12.50	12.00	Aviation Partners	12.25	0.50	4.08

MINES

1990 High	1990 Low	Stock	Price	Div	Yld %
12.50	12.00	Aviation Partners	12.25	0.50	4.08

CENTRAL AFRICA

1990 High	1990 Low	Stock	Price	Div	Yld %
12.50	12.00	Aviation Partners	12.25	0.50	4.08

EASTERN AFRICA

1990 High	1990 Low	Stock	Price	Div	Yld %
12.50	12.00	Aviation Partners	12.25	0.50	4.08

FAR WEST AFRICA

1990 High	1990 Low	Stock	Price	Div	Yld %
12.50	12.00	Aviation Partners	12.25	0.50	4.08

O.F.S.

1990 High	1990 Low	Stock	Price	Div	Yld %
12.50	12.00	Aviation Partners	12.25	0.50	4.08

DIAMOND AND PLATINUM

1990 High	1990 Low	Stock	Price	Div	Yld %
12.50	12.00	Aviation Partners	12.25	0.50	4.08

CENTRAL AFRICA

1990 High	1990 Low	Stock	Price	Div	Yld %
12.50	12.00	Aviation Partners	12.25	0.50	4.08

FINANCE

1990 High	1990 Low	Stock	Price	Div	Yld %
12.50	12.00	Aviation Partners	12.25	0.50	4.08

AUSTRALASIA

1990 High	1990 Low	Stock	Price	Div	Yld %
12.50	12.00	Aviation Partners	12.25	0.50	4.08

MINES - Contd

1990 High	1990 Low	Stock	Price	Div	Yld %
12.50	12.00	Aviation Partners	12.25	0.50	4.08
12.50	12.00	Aviation Partners	12.25	0.50	4.08
12.50	12.00	Aviation Partners	12.25	0.50	4.08
12.50	12.00	Aviation Partners	12.25	0.50	4.08
12.50	12.00	Aviation Partners	12.25	0.50	4.08

THIRD MARKET

1990 High	1990 Low	Stock	Price	Div	Yld %
12.50	12.00	Aviation Partners	12.25	0.50	4.08

NOTES

Stock Exchange dealing classification are indicated to the right of security names. An Alpha (A) or Beta (B) is shown. Alpha and Beta are used to indicate the relative size of the company. Alpha is used for companies with a market capitalization of over £1 billion and Beta for companies with a market capitalization of between £250 million and £1 billion. The following table shows the classification of the companies listed in this section.

REGIONAL & IRISH STOCKS

1990 High	1990 Low	Stock	Price	Div	Yld %
12.50	12.00	Aviation Partners	12.25	0.50	4.08

TRADITIONAL OPTIONS

1990 High	1990 Low	Stock	Price	Div	Yld %
12.50	12.00	Aviation Partners	12.25	0.50	4.08

PROPERTY

1990 High	1990 Low	Stock	Price	Div	Yld %
12.50	12.00	Aviation Partners	12.25	0.50	4.08

OILS

1990 High	1990 Low	Stock	Price	Div	Yld %
12.50	12.00	Aviation Partners	12.25	0.50	4.08

MINES

1990 High	1990 Low	Stock	Price	Div	Yld %
12.50	12.00	Aviation Partners	12.25	0.50	4.08

PROPERTY

1990 High	1990 Low	Stock	Price	Div	Yld %
12.50	12.00	Aviation Partners	12.25	0.50	4.08

OILS

1990 High	1990 Low	Stock	Price	Div	Yld %
12.50	12.00	Aviation Partners	12.25	0.50	4.08

MINES

||
||
||

Abbey Unit Tst Mngs (1000)H
50 Holdenhorst Rd, Bournemouth
B10 2LN
0343 717373

[illegible]

prices become available. Tel: 071-378-8444.

UK Equity	3%	194.7	194.7	207.1	+6.3
UK Smaller Cap Growth	5%	38.77	40.78	43.38	+6.7
U.S. Growth	5%	74.84	74.84	79.61	+6.4
Univ Growth	5%	85.68	85.68	91.14	+6.3

158 High Income ..	6	45.01	45.6	48.51
Do Accum	6	45.02	45.6	48.51
158 Int'l Income	6	47.04	47.21	50.22
Do Accum	6	47.04	47.21	50.22

17.07

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 071-825-2128.

Continued on next page

ak dollar
to 6%



tearing to between 30
further equity

of executives. But a contribution came last year from the company's unrecorded interests, largely patents, trademarks and trade names, valued at almost £200m. The company has embarked on an active ERM restructuring programme which has already resulted in 1,600 redundancies. Other moves include the closure of the company's European marketing facilities which total a £14m loss last year. The consolidation of Ford's manufacturing plants in the sale of its semi-conductor manufacturing plant, an increase in sub-components such as power windows and light bulbs, and a new stock and re-

Astra

nationalism of Syria
...the revolution
...movements. Accord-
...ing to Azzam
...of such agreements.
...An facility to
...in 1969.

national invest-
...that they were
...of a rights issue
...around the PRB's
...operation of
...a joint venture

Thereward has
been a signed off
the. A first hand com
ment with its be
cause it would n
be branch of the
and

ATED

ETIES

RECEIVED
JAN 10 1964
U.S. DEPARTMENT OF
THE ARMY

—
FIRE

1000
1000
1000

100

.....

2. 10/10/1964

[illegible]

MANAGED FUNDS NOTES

Prices are for the nearest exchange indicated and they developed 5 with no fee for the purchase of 10 shares. Values are shown for the nearest exchange. Prices of certain other insurance linked plans subject to capital gains tax on sales. A distribution free of UK taxes. All periodic payments insurance plan. A 10% discount on the purchase of 10 shares in Lloydsbank as a MGT's (shareholders) for Collective Investment in Transferable Securities) a 0.60% fee charged to the investor against agent's commission. 2. Previous City of London (City of London) 1.00% fee charged to the investor against agent's commission. 3. Only available to Jersey tax. 4. Tax-substituted to only available to charitable bodies. 5. Yield column shows annualized rates of return. 6. Yield column shows annualized rates of return. 7. Funds not SIB recognized. The regulatory authorities for these funds are: Gateway, Financial Services Commission, Isle of Man. Financial Supervision Commission, Jersey. Financial Services Commission, Guernsey.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar hit by Fed reserve move

THE DOLLAR weakened on news that the Federal Reserve is to cut some reserve requirements of US banks. The Fed said these requirements - on non-personal time deposits and Eurocurrency liabilities - are slowing growth and beginning to exert a contractionary influence on the economy.

In its statement the Fed remarked that "lower reserve requirements at any given level of money market interest rates will reduce costs to depository institutions, providing added incentive to lend to creditworthy borrowers, thus countering, to some extent, the recent tightening in credit terms."

Dealers said the move was an indirect form of easier monetary policy. It will make corporate borrowing cheaper without need for a lower Federal funds rate. In New York the Fed did not intervene in the banking system, when Fed funds were trading at the assumed target of 7 1/2 per cent.

Initial reaction to the cut in reserve requirements took the US currency down to DM1.490, but it found support at that level, rallying above DM1.500 in late European trading. The dollar closed in London at DM1.503, against DM1.515 on Monday, it fell to Y134.00 from Y134.40, to FF5.0875 from FF5.1150, and to Sfr1.2840 from Sfr1.2925. The dollar's index eased 0.1 to 61.3.

Sterling improved against the dollar but lost ground within the European Monetary System. The EMS weakness reflected increased demand for the D-Mark after Germany's election result at the week-end. In its statement the Fed remarked that "lower reserve requirements at any given level of money market interest rates will reduce costs to depository institutions, providing added incentive to lend to creditworthy borrowers, thus countering, to some extent, the recent tightening in credit terms."

A drop of 88sm in November UK official reserves had no effect on the pound, but dealers noted that the fall was about half the level of market estimates, suggesting that the Bank of England had not heavily defended sterling last month.

The pound rose 1/4 of a cent to £1.9885 and to Y258.35 from Y258.00, but fell to DM2.8850 from DM2.9050, to FF5.8000 from FF5.8150, and to Sfr2.4725 from Sfr2.4800. Its index shed 0.1 to 98.8. Sterling gained a further 40 points in New York to end at \$1.9306.

Sterling remained the weakest member of the EMS exchange rate mechanism, with the three currencies supported by an upward trend in interest rates - the D-Mark, Dutch guilder and Belgian franc - holding firm below the top-placed Spanish peseta.

Belgium's central bank raised the rate on four-month paper yesterday, as dealers commented that the policy of linking the Belgian franc closely to the D-Mark may be put to the test if present trends continue. Tight credit conditions in Frankfurt are lending support to the D-Mark, amid suggestions that the Bundesbank is not unhappy to see rates move higher.

EMS EUROPEAN CURRENCY UNIT RATES

	Unit	Central	Change	Unit	Central	Change
Spanish Peseta	133.631	130.353	-2.45	Italian Lira	2036.36	-1.12
D-Mark	2.0000	2.0000	0.00	French Franc	6.5596	-0.0004
Dutch Guilder	2.20371	2.20371	0.00	Belgian Franc	40.3399	-0.0001
Portuguese Escudo	200.482	200.482	0.00	Irish Punt	7.87564	0.0000
Japanese Yen	163.603	163.603	0.00	Swedish Krona	10.4656	0.0000
Swiss Franc	2.0000	2.0000	0.00	Finland Markka	5.94573	0.0000
British Pound	1.9885	1.9885	0.00	Greek Drachma	340.750	0.0000

Central rates set by the European Commission. Currencies are in descending order of strength. Percentage change for Dec 4. A positive change denotes a weak currency. Difference denotes the rate between two currencies. The percentage difference between the central rate and the market rate for a currency, and the maximum permitted percentage deviation by financial firms.

POUND SPOT - FORWARD AGAINST THE POUND

Dec 4	Dec 5	Dec 6	Dec 7	Dec 8	Dec 9	Dec 10	Dec 11	Dec 12	Dec 13	Dec 14	Dec 15	Dec 16	Dec 17	Dec 18	Dec 19	Dec 20	Dec 21	Dec 22	Dec 23	Dec 24	Dec 25	Dec 26	Dec 27	Dec 28	Dec 29	Dec 30	Dec 31	Jan 1	Jan 2	Jan 3	Jan 4	Jan 5	Jan 6	Jan 7	Jan 8	Jan 9	Jan 10	Jan 11	Jan 12	Jan 13	Jan 14	Jan 15	Jan 16	Jan 17	Jan 18	Jan 19	Jan 20	Jan 21	Jan 22	Jan 23	Jan 24	Jan 25	Jan 26	Jan 27	Jan 28	Jan 29	Jan 30	Jan 31	Feb 1	Feb 2	Feb 3	Feb 4	Feb 5	Feb 6	Feb 7	Feb 8	Feb 9	Feb 10	Feb 11	Feb 12	Feb 13	Feb 14	Feb 15	Feb 16	Feb 17	Feb 18	Feb 19	Feb 20	Feb 21	Feb 22	Feb 23	Feb 24	Feb 25	Feb 26	Feb 27	Feb 28	Feb 29	Feb 30	Mar 1	Mar 2	Mar 3	Mar 4	Mar 5	Mar 6	Mar 7	Mar 8	Mar 9	Mar 10	Mar 11	Mar 12	Mar 13	Mar 14	Mar 15	Mar 16	Mar 17	Mar 18	Mar 19	Mar 20	Mar 21	Mar 22	Mar 23	Mar 24	Mar 25	Mar 26	Mar 27	Mar 28	Mar 29	Mar 30	Mar 31	Apr 1	Apr 2	Apr 3	Apr 4	Apr 5	Apr 6	Apr 7	Apr 8	Apr 9	Apr 10	Apr 11	Apr 12	Apr 13	Apr 14	Apr 15	Apr 16	Apr 17	Apr 18	Apr 19	Apr 20	Apr 21	Apr 22	Apr 23	Apr 24	Apr 25	Apr 26	Apr 27	Apr 28	Apr 29	Apr 30	May 1	May 2	May 3	May 4	May 5	May 6	May 7	May 8	May 9	May 10	May 11	May 12	May 13	May 14	May 15	May 16	May 17	May 18	May 19	May 20	May 21	May 22	May 23	May 24	May 25	May 26	May 27	May 28	May 29	May 30	May 31	Jun 1	Jun 2	Jun 3	Jun 4	Jun 5	Jun 6	Jun 7	Jun 8	Jun 9	Jun 10	Jun 11	Jun 12	Jun 13	Jun 14	Jun 15	Jun 16	Jun 17	Jun 18	Jun 19	Jun 20	Jun 21	Jun 22	Jun 23	Jun 24	Jun 25	Jun 26	Jun 27	Jun 28	Jun 29	Jun 30	Jul 1	Jul 2	Jul 3	Jul 4	Jul 5	Jul 6	Jul 7	Jul 8	Jul 9	Jul 10	Jul 11	Jul 12	Jul 13	Jul 14	Jul 15	Jul 16	Jul 17	Jul 18	Jul 19	Jul 20	Jul 21	Jul 22	Jul 23	Jul 24	Jul 25	Jul 26	Jul 27	Jul 28	Jul 29	Jul 30	Jul 31	Aug 1	Aug 2	Aug 3	Aug 4	Aug 5	Aug 6	Aug 7	Aug 8	Aug 9	Aug 10	Aug 11	Aug 12	Aug 13	Aug 14	Aug 15	Aug 16	Aug 17	Aug 18	Aug 19	Aug 20	Aug 21	Aug 22	Aug 23	Aug 24	Aug 25	Aug 26	Aug 27	Aug 28	Aug 29	Aug 30	Aug 31	Sep 1	Sep 2	Sep 3	Sep 4	Sep 5	Sep 6	Sep 7	Sep 8	Sep 9	Sep 10	Sep 11	Sep 12	Sep 13	Sep 14	Sep 15	Sep 16	Sep 17	Sep 18	Sep 19	Sep 20	Sep 21	Sep 22	Sep 23	Sep 24	Sep 25	Sep 26	Sep 27	Sep 28	Sep 29	Sep 30	Sep 30	Oct 1	Oct 2	Oct 3	Oct 4	Oct 5	Oct 6	Oct 7	Oct 8	Oct 9	Oct 10	Oct 11	Oct 12	Oct 13	Oct 14	Oct 15	Oct 16	Oct 17	Oct 18	Oct 19	Oct 20	Oct 21	Oct 22	Oct 23	Oct 24	Oct 25	Oct 26	Oct 27	Oct 28	Oct 29	Oct 30	Oct 31	Nov 1	Nov 2	Nov 3	Nov 4	Nov 5	Nov 6	Nov 7	Nov 8	Nov 9	Nov 10	Nov 11	Nov 12	Nov 13	Nov 14	Nov 15	Nov 16	Nov 17	Nov 18	Nov 19	Nov 20	Nov 21	Nov 22	Nov 23	Nov 24	Nov 25	Nov 26	Nov 27	Nov 28	Nov 29	Nov 30	Dec 1	Dec 2	Dec 3	Dec 4	Dec 5	Dec 6	Dec 7	Dec 8	Dec 9	Dec 10	Dec 11	Dec 12	Dec 13	Dec 14	Dec 15	Dec 16	Dec 17	Dec 18	Dec 19	Dec 20	Dec 21	Dec 22	Dec 23	Dec 24	Dec 25	Dec 26	Dec 27	Dec 28	Dec 29	Dec 30	Dec 31								
US	1,290.0	1,402.5	1,390.0	1,307.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0	1,310.0</

Forward rates taken towards the end of London trading. Six-month forward dollar 4.64-4.65 (Dec 12) 7.75-7.76.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Dec 4	Dec 5	Dec 6	Dec 7	Dec 8	Dec 9	Dec 10	Dec 11	Dec 12	Dec 13	Dec 14	Dec 15	Dec 16	Dec 17	Dec 18	Dec 19	Dec 20	Dec 21	Dec 22	Dec 23	Dec 24	Dec 25	Dec 26	Dec 27	Dec 28	Dec 29	Dec 30	Dec 31
UK	1,299.0	1,282.5	1,284.0	1,297.0	1,294.0	1,285.0	1,285.0	1,285.0	1,285.0	1,285.0	1,285.0	1,285.0	1,285.0	1,285.0	1,285.0	1,285.0	1,285.0	1,285.0	1,285.0	1,285.0	1,285.0	1,285.0	1,285.0	1,285.0	1,285.0	1,285.0	
France	1,765.0	1,770.0	1,775.0	1,776.0	1,774.0	1,774.0	1,774.0	1,774.0	1,774.0	1,774.0	1,774.0	1,774.0	1,774.0	1,774.0	1,774.0	1,774.0	1,774.0	1,774.0	1,774.0	1,774.0	1,774.0	1,774.0	1,774.0	1,774.0	1,774.0	1,774.0	
Germany	1,162.0	1,160.0	1,160.0	1,160.0	1,160.0	1,160.0	1,160.0	1,160.0	1,160.0	1,160.0	1,160.0	1,160.0	1,160.0	1,160.0	1,160.0	1,160.0	1,160.0	1,160.0	1,160.0	1,160.0	1,160.0	1,160.0	1,160.0	1,160.0	1,160.0	1,160.0	
Italy	1,162.0	1,160.0	1,160.0	1,160.0	1,160.0	1,160.0	1,160.0	1,160.0	1,160.0	1,160.0	1,160.0	1,160.0	1,160.0	1,160.0	1,160.0	1,160.0	1,160.0	1,160.0	1,160.0	1,160.0	1,160.0	1,160.0	1,160.0	1,160.0	1,160.0	1,160.0	
Spain	31.00	31.00	31.00	31.00	31.00	31.00	31.00	31.00	31.00	31.00	31.00	31.00	31.00	31.00	31.00	31.00	31.00	31.00	31.00	31.00	31.00	31.00	31.00	31.00	31.00	31.00	
Belgium	1,490.0	1,510.0	1,502.5	1,502.5	1,502.5	1,502.5	1,502.5	1,502.5	1,502.5	1,502.5	1,502.5	1,502.5	1,502.5	1,502.5	1,502.5	1,502.5	1,502.5	1,502.5	1,502.5	1,502.5	1,502.5	1,502.5	1,502.5	1,502.5	1,502.5	1,502.5	
Portugal	152.10	152.90	152.10	152.20	152.20	152.20	152.20	152.20	152.20	152.20	152.20	152.20	152.20	152.20	152.20	152.20	152.20	152.20	152.20	152.20	152.20	152.20	152.20	152.20	152.20	152.20	
Japan	112.00	112.00	112.00	112.00	112.00	112.00	112.00	112.00	112.00	112.00	112.00	112.00	112.00	112.00	112.00	112.00	112.00	112.00	112.00	112.00	112.00	112.00	112.00	112.00	112.00	112.00	
USA	1,125.00	1,127.00	1,131.00	1,131.00	1,131.00	1,131.00	1,131.00	1,131.00	1,131.00	1,131.00	1,131.00	1,131.00	1,131.00	1,131.00	1,131.00	1,131.00	1,131.00	1,131.00	1,131.00	1,131.00	1,131.00	1,131.00	1,131.00	1,131.00	1,131.00	1,131.00	
Canada	1,125.00	1,127.00	1,131.00	1,131.00	1,131.00	1,131.00	1,131.00	1,131.00	1,131.00	1,131.00	1,131.00	1,131.00	1,131.00	1,131.00	1,131.00	1,131.00	1,131.00	1,131.00	1,131.00	1,131.00	1,131.00	1,131.00	1,131.00	1,131.00	1,131.00	1,131.00	
Sweden	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	
Denmark	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	
Netherlands	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	
Finland	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	5,061.5	
Australia	10,550.0	10,645.0	10,550.0	10,550.0	10,550.0	10,550.0	10,550.0	10,550.0	10,550.0	10,550.0	10,550.0	10,550.0	10,550.0	10,550.0	10,550.0	10,550.0	10,550.0	10,550.0	10,550.0	10,550.0	10,550.0	10,550.0	10,550.0	10,550.0	10,550.0	10,550.0	
South Africa	1,500.0	1,570.0	1,570.0	1,570.0	1,570.0	1,570.0	1,570.0	1,570.0	1,570.0	1,570.0	1,570.0	1,570.0	1,570.0	1,570.0	1,570.0	1,570.0	1,570.0	1,570.0	1,570.0	1,570.0	1,570.0	1,570.0	1,570.0	1,570.0	1,570.0	1,570.0	
India	1,500.0	1,570.0	1,570.0	1,570.0	1,570.0	1,570.0	1,570.0	1,570.0	1,570.0	1,570.0	1,570.0	1,570.0	1,570.0	1,570.0	1,570.0	1,570.0	1,570.0	1,570.0	1,570.0	1,570.0	1,570.0	1,570.0	1,570.0	1,570.0	1,570.0	1,570.0	

Forward rates taken towards the end of London trading. Six-month forward dollar 4.64-4.65 (Dec 12) 7.75-7.76.

EURO CURRENCY INTEREST RATES

Dec 4	Short term	7 Days	One Month	Three Months	Six Months	One Year
Starling	14% - 14%	14% - 14%	14% - 14%	13% - 13%	13% - 12%	12% - 12%
Barclays	7% - 7%	7% - 7%	7% - 7%	7% - 7%	7% - 7%	7% - 7%
HSBC	8% - 8%	8% - 8%	8% - 8%	8% - 8%	8% - 8%	8% - 8%
Bank of America	8% - 8%	8% - 8%	8% - 8%	8% - 8%	8% - 8%	8% - 8%
Wells Fargo	8% - 8%	8% - 8%	8% - 8%	8% - 8%	8% - 8%	8% - 8%
Chase	8% - 8%	8% - 8%	8% - 8%	8% - 8%	8% - 8%	8% - 8%
JP Morgan	8% - 8%	8% - 8%	8% - 8%	8% - 8%	8% - 8%	8% - 8%
Citigroup	8% - 8%	8% - 8%	8% - 8%	8% - 8%	8% - 8%	8% - 8%
Capital One	10% - 10%	10% - 10%	10% - 10%	10% - 10%	10% - 10%	10% - 10%
French Line	8% - 8%	8% - 8%	8% - 8%	8% - 8%	8% - 8%	8% - 8%
Marine	8% - 8%	8% - 8%	8% - 8%	8% - 8%	8% - 8%	8% - 8%
Transocean	8% - 8%	8% - 8%	8% - 8%	8% - 8%	8% - 8%	8% - 8%
Seaspan	7% - 7%	7% - 7%	7% - 7%	7% - 7%	7% - 7%	7% - 7%

Long term Eurodollar: two years 8.4%, one year 8.4-8.6%, six months 8.4-8.6%, three months 8.4-8.6%, one month 8.4-8.6%
Short term 8.1-8.3 per cent, two years 8.4%, one year 8.4% US Dollars and Japanese Yen, one day notice.

WORLD STOCK MARKETS

AUSTRIA				FRANCE (continued)				GERMANY (continued)				ITALY (continued)				NETHERLANDS				SWEDEN				SWITZERLAND							
Stock	High	Low	Close	Stock	High	Low	Close	Stock	High	Low	Close	Stock	High	Low	Close	Stock	High	Low	Close	Stock	High	Low	Close	Stock	High	Low	Close	Stock	High	Low	Close
Alpine	12.50	12.40	12.45	Alcatel	12.50	12.40	12.45	Alcatel	12.50	12.40	12.45	Alcatel	12.50	12.40	12.45	Alcatel	12.50	12.40	12.45	Alcatel	12.50	12.40	12.45	Alcatel	12.50	12.40	12.45	Alcatel	12.50	12.40	12.45
Alpine	12.50	12.40	12.45	Alcatel	12.50	12.40	12.45	Alcatel	12.50	12.40	12.45	Alcatel	12.50	12.40	12.45	Alcatel	12.50	12.40	12.45	Alcatel	12.50	12.40	12.45	Alcatel	12.50	12.40	12.45	Alcatel	12.50	12.40	12.45
Alpine	12.50	12.40	12.45	Alcatel	12.50	12.40	12.45	Alcatel	12.50	12.40	12.45	Alcatel	12.50	12.40	12.45	Alcatel	12.50	12.40	12.45	Alcatel	12.50	12.40	12.45	Alcatel	12.50	12.40	12.45	Alcatel	12.50	12.40	12.45
Alpine	12.50	12.40	12.45	Alcatel	12.50	12.40	12.45	Alcatel	12.50	12.40	12.45	Alcatel	12.50	12.40	12.45	Alcatel	12.50	12.40	12.45	Alcatel	12.50	12.40	12.45	Alcatel	12.50	12.40	12.45	Alcatel	12.50	12.40	12.45

CANADA				MONTREAL			
Stock	High	Low	Close	Stock	High	Low	Close
Alcatel	12.50	12.40	12.45	Alcatel	12.50	12.40	12.45
Alcatel	12.50	12.40	12.45	Alcatel	12.50	12.40	12.45
Alcatel	12.50	12.40	12.45	Alcatel	12.50	12.40	12.45
Alcatel	12.50	12.40	12.45	Alcatel	12.50	12.40	12.45

INDICES				NEW YORK STOCKS			
Index	High	Low	Close	Index	High	Low	Close
Dow Jones	12.50	12.40	12.45	Dow Jones	12.50	12.40	12.45
Dow Jones	12.50	12.40	12.45	Dow Jones	12.50	12.40	12.45
Dow Jones	12.50	12.40	12.45	Dow Jones	12.50	12.40	12.45
Dow Jones	12.50	12.40	12.45	Dow Jones	12.50	12.40	12.45

JAPAN				NETHERLANDS				NETHERLANDS				NETHERLANDS				NETHERLANDS			
Stock	High	Low	Close	Stock	High	Low	Close	Stock	High	Low	Close	Stock	High	Low	Close	Stock	High	Low	Close
Alcatel	12.50	12.40	12.45	Alcatel	12.50	12.40	12.45	Alcatel	12.50	12.40	12.45	Alcatel	12.50	12.40	12.45	Alcatel	12.50	12.40	12.45
Alcatel	12.50	12.40	12.45	Alcatel	12.50	12.40	12.45	Alcatel	12.50	12.40	12.45	Alcatel	12.50	12.40	12.45	Alcatel	12.50	12.40	12.45
Alcatel	12.50	12.40	12.45	Alcatel	12.50	12.40	12.45	Alcatel	12.50	12.40	12.45	Alcatel	12.50	12.40	12.45	Alcatel	12.50	12.40	12.45
Alcatel	12.50	12.40	12.45	Alcatel	12.50	12.40	12.45	Alcatel	12.50	12.40	12.45	Alcatel	12.50	12.40	12.45	Alcatel	12.50	12.40	12.45

CANADA				MONTREAL			
Stock	High	Low	Close	Stock	High	Low	Close
Alcatel	12.50	12.40	12.45	Alcatel	12.50	12.40	12.45
Alcatel	12.50	12.40	12.45	Alcatel	12.50	12.40	12.45
Alcatel	12.50	12.40	12.45	Alcatel	12.50	12.40	12.45
Alcatel	12.50	12.40	12.45	Alcatel	12.50	12.40	12.45

TOKYO - Most Active Stocks				TOKYO - Most Active Stocks			
Stock	High	Low	Close	Stock	High	Low	Close
Alcatel	12.50	12.40	12.45	Alcatel	12.50	12.40	12.45
Alcatel	12.50	12.40	12.45	Alcatel	12.50	12.40	12.45
Alcatel	12.50	12.40	12.45	Alcatel	12.50	12.40	12.45
Alcatel	12.50	12.40	12.45	Alcatel	12.50	12.40	12.45

AMEX COMPOSITE PRICES				AMEX COMPOSITE PRICES			
Stock	High	Low	Close	Stock	High	Low	Close
Alcatel	12.50	12.40	12.45	Alcatel	12.50	12.40	12.45
Alcatel	12.50	12.40	12.45	Alcatel	12.50	12.40	12.45
Alcatel	12.50	12.40	12.45	Alcatel	12.50	12.40	12.45
Alcatel	12.50	12.40	12.45	Alcatel	12.50	12.40	12.45

Abbey U
80 Holdings
High Income
American B
Gifts & Fin
High Inc E
Worldwide
Capital Gro
American G
Asian Pacif
Assets & E
Capital Reov
Central Res
Comdy & E
1992 Enter
Euro Capit
Euro Capital
General ...
Japan ...
Mastertrust
UK Growth
UK Growth
US Emergi
Income & G
Ethical ...
International
Dividend &
Global Gro
Abstract
10 Queens
Amor Inc &
Cash ...
European
European Inc
Exempt ...
Exempt Inc

A black and white photograph of a cowboy on a horse. The cowboy is wearing a wide-brimmed hat and a dark jacket, looking towards the right. The horse is in motion, with its mane and tail flowing. The word "Marlboro" is printed in a large, stylized font across the top of the image.

Continued on Page 39

NASDAQ NATIONAL MARKET

Sale prices December -

[illegible]

**The FT proposes to publish this survey on
January 25 1991.**

It will be of particular interest to the 61,000 businessmen involved in decision making about office property who are regular FT readers. If you want to reach this important audience, call Clive Booth on 071 873 4152 or fax 071 873 3078.

FT SURVEYS

**Hand-Delivery
now
available in**

MOSCOW

**For subscription details
or more information**

Andrew Taylor
in Frankfurt

Phone 49 - 69 - 7598118
Fax 49 - 69 - 722677

FINANCIAL TIMES

Nikkei falls 3.8 per cent in thin volume

MANILA finished little changed following thin, choppy trading. Sentiment was split between big players supporting selected oil issues and retail traders who took profits. The composite index shed 0.05 to 631.39 on turnover of 57.7m pesos, a drop from Monday's 114.8m pesos.

Imported raw materials to three months' requirements, raising fears of a slowdown in industrial production.

The waning of investor interest in equities has been noted, and acted upon, by the market. The BSE authorities have relaxed restrictions on forward trading imposed three months ago, allowing greater room to operators. Mutual funds and other institutional investors have remained active.

The bearish mood, however, remains. There has been a tendency to regard the 1,200 level as a resistance point for the 50-share index. But if the Gulf situation worsens, say analysts, the bears may get the upper hand and the resistance point may have to be revised to the 1,000 mark.

AN AIR of subdued bearishness has replaced the robust optimism of the Bombay stock market. Heavy buying by state-owned mutual funds is thought to have helped to halt the sharp fall in share prices yesterday, as investors took a pessimistic view of the economy.

The Bombay Stock Exchange (BSE) index fell 46.61, or 3.4 per cent, to 1,163.29. "Investors turned sellers in large numbers because they saw a recession creeping in," said one broker who added that corporate profit margins were under pressure following higher oil prices and slower demand.

Political and economic worries have overtaken the earlier mood of the market, which saw the equity market's valuation of about 6,000 listed

only to apprehensive speculation about the policies of the new government, headed by Mr Chandra Shekhar.

The 30-share index of the Bombay Stock Exchange, India's largest and responsible for nearly half of total national trading, started its most recent downswing on November 21. It fell 55 to 1,265 after Mr Shekhar announced his cabinet.

Many of the new ministers did not see the men in the market. In addition, a three-week delay in the construction of the cabinet, and dissatisfaction among ministers about the allocation of government portfolios, had raised doubts about the prospects of the minority government completing its full term in office.

Company results for the first

India
Bombay SE 30 Index 1978/9 = 100

Month	Index Value (approx.)
Oct 1990	100
Nov 1990	1550
Dec 1990	1450

half of 1990, especially those from the oil chips, have been seen as a restraining factor on the slide in share values. For

example, the market losses of November 21 were recovered five days later in a minor rally fuelled by strong first half results from Associated Cement Companies.

However, company prospects are now suspect, and questions have also been raised about New Delhi's capacity to control inflation, and the burgeoning budgetary deficit which has new estimates at Rs40n for April-October, compared with a previously projected Rs70bn for the year to March 1991.

The balance of payments situation worsened after Moody's and Standard & Poor's downgraded India's rating, making commercial borrowings more expensive than before. The manufacturing sector has been asked to halve inventories of

imported raw materials three months' requirements raising fears of a slowdown in industrial production.

The waning of investor interest in equities has been noted and acted upon, by the market. The BSE authorities have relaxed restrictions on forward trading imposed three months ago, allowing greater room for operators. Mutual funds and other institutional investors have remained active.

The bearish mood, however, remains. There has been a tendency to regard the 1,200 level as a resistance point for the 30-share index. But if the situation worsens, say analysts, the bears may get the wind and the resistance point may have to be revised to the 1,000 mark.

Downloaded from ascelibrary.org by University of California, San Diego on 06/06/15. Copyright ASCE, For All Rights Reserved, No part of this document may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording, or by any information storage or retrieval system, without permission in writing from ASCE.

JPMorgan

هكذا من اجل

THAILAND

Wednesday, December 5, 1990

Lower growth forecast
for a booming economy
— see page 3.A roller-coaster ride for
stock exchange investors
— see page 3.

SECTION III



The fast-growing
Thai economy has
undergone radical
transformation in the
last three years. But

economists are worried now about
emerging inflationary pressures,
uneven development and high
environmental costs, reports
Paul Taylor in Bangkok.

Poised to join
'the tigers'

THAILAND, and its economy, appears poised to join the ranks of the "Asian tigers." The Gulf crisis may deprive this kingdom of 50m people of the ultimate accolade of the world's fastest-growing economy again this year, but Thailand's recent economic performance has nevertheless been impressive.

Over the last three years in particular, the Thai economy has undergone a radical transformation, with economic growth averaging 11.7 per cent and expected to run close to 10 per cent in 1990 — despite serious infrastructure problems and the Gulf crisis.

Fuelled by an influx of foreign investment, manufacturing industry has shot past Thailand's traditional agricultural base and now accounts for a quarter of the country's Gross Domestic Product of about US\$81bn.

By the mid-1990s, Thailand's per capita Gross Domestic Product will have trebled to US\$3,000, according to Dr Phisit Fakhasek, secretary general of Thailand's National Economic and Social Development Board, the country's developmental planning and management agency.

If his projections prove accurate, Thailand will have broken away from the pack of other south-east Asian nations chasing the region's established Newly Industrialised Nations (Nics) — Korea, Taiwan, Hong Kong and Singapore — and Asia's economic powerhouse, Japan.

Although the already-overheated Bangkok bourse has taken a battering in recent months — losing more than 40 per cent of its market capitalisation since its peak just before Iraq invaded Kuwait — and the speculative property sector appears headed for a downturn, there is no talk of recession here.

Instead, the government and its senior economic advisers worry about defining a "sustainable" level of economic growth, about emerging inflationary pressures, infrastructure bottlenecks, uneven development and increasingly about the environmental cost of prolonged double-digit growth.

If the government's economic advisers prevail, the seventh five-year plan, beginning in 1992, is likely to stress "more cautious" economic growth, place greater emphasis on addressing glaring income distribution disparities, and on conservation, where an

increasingly vociferous lobby is demanding drastic action to reduce pollution, reverse massive deforestation, and protect the country's cultural heritage and environment.

From a foreign investment perspective, Thailand remains an attractive option. The gradual reduction of import tariffs, financial liberalisation — including the recent abolition of exchange controls — and the government's determination to mobilise private capital to help solve some of the country's worst infrastructure problems, all suggest that foreign fixed investment, if not portfolio investment in the short-term, will continue to grow.

Thailand's perceived political stability has undoubtedly played a major part in attracting the foreign capital Thailand has needed to modernise its economy.

Here, too, Thailand is fortunate in having the three solid pillars of religion, nation and monarchy. Its deeply entrenched Buddhist culture in particular stresses avoidance of extremes, and advocates a "middle way" consensus.

Thus, despite frequent political bickering, allegations of corruption and an uneasy alliance with the military —

which has seen its political power gradually wane — the business of government run by a powerful, if badly paid civil service, goes on.

Nevertheless, the nine-party coalition government led by Gen. Chatichai Choonhavan and his Chart Thai party has perhaps never looked more shaky. Gen Chatichai, who was elected in 1988, Thailand's first elected prime minister for 12 years, has managed to hang on to power by reshuffling his cabinet with increasing frequency. But his catch-phrase "no problem" answer to difficult questions has begun to sound increasingly hollow.

Political tensions

One reason may be the defection of Gen. Chavalit Yongchaiyudh who quit his cabinet post as defence minister to set up the New Hope Party with strong military backing.

His move co-incided with several well-publicised disputes between senior military officers and some of Chatichai's more outspoken ministers which have heightened tension.

Despite this, most political observers expect the Chatichai government to survive,

although they do not dismiss speculation that the prime minister might call an early snap general election next year, before its full term is up, if he feels the timing is right.

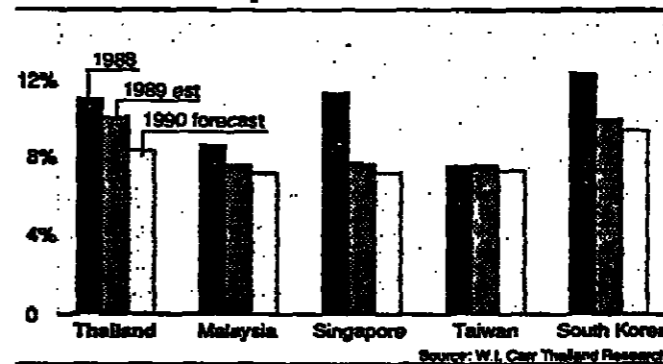
In foreign policy, too, the prime minister still has to resolve some long-standing problems if Thailand is to achieve his ambition of becoming a pivotal trading centre for an emerging Indochina.

Progress towards peace in Cambodia has proved painfully slow, despite the agreed international framework for talks.

Similarly with Burma, Thailand's commercial considerations, particularly logging concessions, have meant that Bangkok has remained on friendly terms with the ruling State Law and Order Restoration Council (SLORC), while the human rights abuses of SLORC and its refusal to hand over power to the National League for Democracy — which recorded a landslide election victory in Burma in May — has resulted in widespread international condemnation.

Nevertheless, the prospect of eventual peace in Cambodia and the gradual opening up of Vietnam and Laos has once again raised Thailand's hopes that resource-rich Indochina

Real GDP comparisons



THAILAND'S prime minister, General Chatichai Choonhavan, (pictured right). LEFT: contrasting views — a floating market at Damnoen Saduak and the opulent Amarin Plaza shopping centre, Bangkok.



IN THIS SURVEY

- Political scene. — PAGE 2
- Key facts and indicators. — PAGE 2
- Economic prospects. — PAGE 3
- Banking and finance. — PAGE 3
- Personality profiles in financial sector. — PAGE 4
- Foreign trade prospects. — PAGE 4
- Industrialisation plans. — PAGE 5
- Agricultural output. — PAGE 5
- Foreign policy changes. — PAGE 5
- Tourism sector. — PAGE 5
- Details of related FT surveys. — PAGE 5

Picture in this survey are by Glyn Glyn, Terry Kirk, Ashley Ashwood and David Hayes.

Editorial production by Michael Wiltshire.

Local touch. Global reach.



In Thailand since 1888. The country's first commercial bank. To make the most of opportunities in this exciting, progressive nation, you need a bank with generations of experience in the market. And insight into that market's future.

For a hundred years HongkongBank, which issued Thailand's first banknotes, has been giving businesses the benefit of its extensive knowledge of the Thai market. This knowledge, together with a proficient management policy, has enabled it to make fast local decisions.

With over 1,400 offices worldwide, linked by our private communications network, the HongkongBank group can provide you with access to market information in Thailand or anywhere in the world.

For more information, contact our Bangkok Office at HongkongBank Building, 64 Silom Rd., Bangkok 10500, Tel: (2) 233-1904; our London Office at 99 Bishopsgate, London EC2P 2LA, Tel: (01) 638-2366; or your nearest office of the HongkongBank group.

Generations of local excellence. And global resources. That's our strength.



HongkongBank
The Hongkong and Shanghai Banking Corporation Limited

Marine Midland Bank • Hang Seng Bank
The British Bank of the Middle East • Hongkong Bank of Australia • Hongkong Bank of Canada
Wardley • James Capel • CMBM
Equator Bank

Carlingford and Gibbs Insurance Groups

Fast decisions. Worldwide.

CONSOLIDATED ASSETS AT 30 JUNE 1990
EXCEED US\$143 BILLION.

THAILAND 2

Government and military are preoccupied with power struggles

High political wrangling

WHEN, on November 22, General Chatichai Choonhavan failed to resign as prime minister of Thailand, he said that false rumours that he would do so - spread by the media - were far more worrying than economic problems arising from the Gulf crisis.

The previous day, when he flew for an audience with King Bhumibol Adulyadej, most observers had been convinced that the prime minister was seriously considering quitting, if only to strengthen his hand in his tussle with the military. But Gen. Chatichai did not resign and immediately criticised the rumour-mongers.

Some economists have been complaining, however, that the government and the military have been so pre-occupied with power struggles, petty wrangling, and political speculation that decisions - necessary to keep the economy on a sound footing - are not being made. As early as August 1988, when Gen. Chatichai became the first elected politician to be appointed prime minister in 12 years, his government's ability to manage the economy was being questioned.

The concern is warranted, particularly when it comes to decisions on large infrastructure contracts. But, the concern can also be exaggerated, since the Thai economy has rarely suffered long-run damage from political bickering.

The bureaucracy still exercises a considerable influence over economic policy, despite the gradual shift in power to elected politicians that has been taking place since the late 1970s, and the private sector is largely given a free rein.

These features were reinforced in August this year, when a technocrat and a former businessman, both non-elected and with clean reputations, were appointed to head the commerce and finance ministries.

It could even be that the tension between the military, who have not staged a successful coup d'état since 1980, and the elected politicians stems from a decline in the influence of the armed forces. An important factor in this has been Thailand's economic growth and the ascendancy of a modern business class.

In previous decades, such

tension was guaranteed to lead to a change of government, if not an outright military takeover. But some of the bitterness seen in the past few months may express the frustration of commanding officers having to face reality.

They were raised to believe that they were uniquely qualified and entitled to rule. Now that assumption is being openly questioned, and by politicians whose legitimacy is backed by votes - even if many of those votes were bought.

Nothing is certain, however.



Street market stalls in Bangkok: decisions necessary to keep the economy on a sound basis are not being made, due to political speculation, claim observers.

Gen. Chatichai could still resign in the not-too-distant future and the military try to take power.

But if the 68-year-old retired general and former diplomat has proved his ability to survive. He has also shown that an elected prime minister in Thailand can strive for statesmanship and try to curb the less honourable excesses of some of his own party leaders.

Gen. Chatichai's 28-months' premiership has been littered with shattered predictions since his own denial that he would be prime minister, immediately after his Chat Thai Party won the largest number of seats in the July, 1988, general election. The incumbent, Gen. Prem Tinsu-

lanonda, decided to quit, and Gen. Chatichai was appointed.

Few thought he would last more than three months. But he confounded the sceptics and has gradually developed a siege mentality style of government.

Amid continual bickering and jostling for the prime cabinet positions, within and among the six coalition parties (increased in August to seven), the Prime Minister has come to trust only his closest policy advisers, including his son, Mr. Kraisa Chonhavan. This has meant cutting himself off from

After the Cabinet reshuffle in August, experts said calm would descend until Parliament was reconvened early next year. True to form, within hours they were proved wrong.

The immediate cause was a continuing quarrel between a brash young former police officer called Chalerm Yoobam-rung, whose tiny party had been invited to join Gen. Chatichai's coalition in 1988 so that Police Capt. Chalerm could act as the Government's guard-dog.

Police Capt. Chalerm jumped at the opportunity, exercising both bark and bite. In parliament, his populist rhetoric was unleashed against the opposition.

Outside, he used his own small police task force to raid influential opponents, including arms smugglers in sensitive border areas supposed to be under military control. Sometimes, his attacks were directed at key members of the government who might have become over-ambitious in Gen. Chatichai's eyes, but never against the prime minister himself.

His portfolio included responsibility for the Mass Communications Organisation of Thailand, whose two television channels frequently carried his own lengthy press conferences. He sometimes used the two channels to counter the army's TV and radio stations, but he also placed greater emphasis on coverage of the opinions of government and opposition MPs, reinforcing the legitimacy of the elected representatives.

Three reasons have been suggested for Police Capt. Chalerm's quarrel with the military:

- A natural antagonism between elected politicians and the military;
- His own earlier associations with a younger group of officers known as the Young Turks, who, ten years ago, were influential in making Gen. Prem prime minister, but are now much less powerful and at odds with the top commanders;
- Gen. Chatichai's increasing worries about the political aspirations of the former army commander, Gen. Chavalit Yongchaiyudh, who retired early at the beginning of the

year to set up a new party and seek election.

Police Capt. Chalerm countered the military's complaints of corruption in the Chatichai Government with accusations that the armed forces themselves were not too clean.

In early November, the top brass told Gen. Chatichai that Police Capt. Chalerm would have to go. They also apparently insisted that the powerful secretaries general of the Chat Thai and Social Action Parties, who had been involved in controversial decisions concerning infrastructure contracts, be promoted to largely ceremonial posts as deputy prime ministers.

Gen. Chatichai appeared to yield, at least as far as sacking Police Capt. Chalerm was concerned, even though the changes implied serious party political problems for the Prime Minister.

Academics and MPs from both sides of the House of Representatives were seen daily, even on army TV, criticising the military for interfering

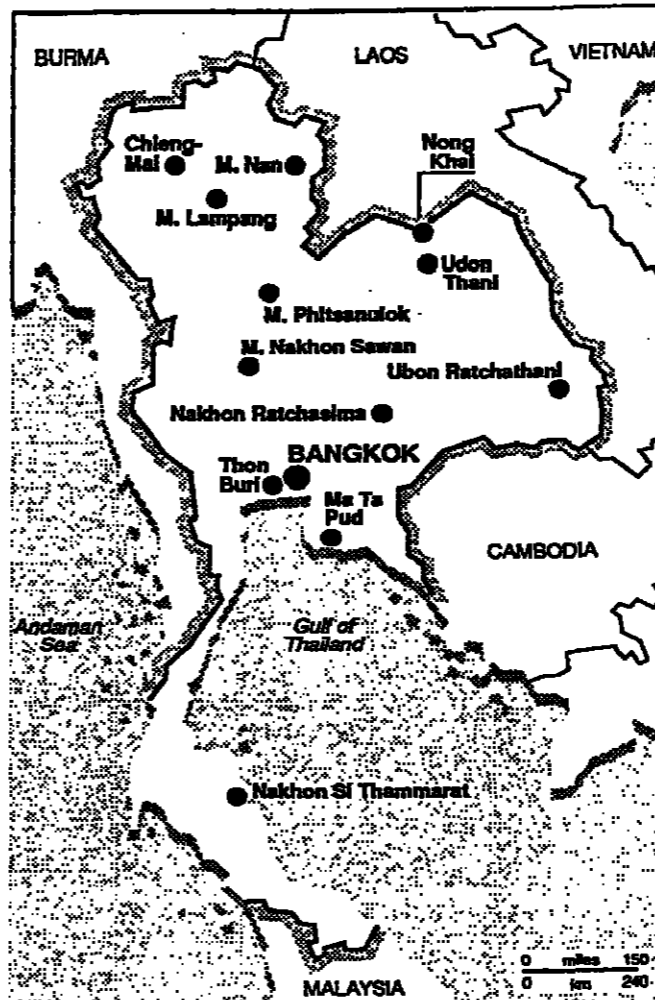
with the elected government. The legitimacy of the military pressure was under severe strain.

But when it was announced on November 22, the reshuffle only demoted Chalerm. He stayed in the Cabinet. The military were clearly dissatisfied, but could do nothing, immediately at least.

They could still try to use force. But increasingly their best chances of reaching political power seemed to be by resigning and running for election. That is the alternative chosen by several officers, including Gen. Chavalit, who has a number of supporters in key command positions in the army but may not have had enough time yet to build up his New Aspirations Party.

Timing - and Gen. Chavalit's ambition and strategy - may be key determinants of what happens in the next few months, as the Chatichai Government's four-year term draws to an end.

Peter Ungphakorn



year to set up a new party and seek election.

Police Capt. Chalerm countered the military's complaints of corruption in the Chatichai Government with accusations that the armed forces themselves were not too clean.

In early November, the top brass told Gen. Chatichai that Police Capt. Chalerm would have to go. They also apparently insisted that the powerful secretaries general of the Chat Thai and Social Action Parties, who had been involved in controversial decisions concerning infrastructure contracts, be promoted to largely ceremonial posts as deputy prime ministers.

Gen. Chatichai appeared to yield, at least as far as sacking Police Capt. Chalerm was concerned, even though the changes implied serious party political problems for the Prime Minister.

Academics and MPs from both sides of the House of Representatives were seen daily, even on army TV, criticising the military for interfering

with the elected government. The legitimacy of the military pressure was under severe strain.

But when it was announced on November 22, the reshuffle only demoted Chalerm. He stayed in the Cabinet. The military were clearly dissatisfied, but could do nothing, immediately at least.

They could still try to use force. But increasingly their best chances of reaching political power seemed to be by resigning and running for election. That is the alternative chosen by several officers, including Gen. Chavalit, who has a number of supporters in key command positions in the army but may not have had enough time yet to build up his New Aspirations Party.

Timing - and Gen. Chavalit's ambition and strategy - may be key determinants of what happens in the next few months, as the Chatichai Government's four-year term draws to an end.

KEY FACTS AND INDICATORS

Area 514,000 sq km
Population 56.1m (1988 estimate)
Head of state King Bhumibol Adulyadej
Currency Baht (Bt) = 100 satang
Average exchange rate 1989 US\$1 = Bt 25.29
1989 US\$1 = Bt 25.70



Silom Road commercial district, Bangkok

ECONOMIC INDICATORS

	1988	1989
Total GDP (US\$bn)	59.6	68.7
Real GDP growth (%)	13.2	12.3
GDP per capita (US\$)	1092	1256
Components of GDP (%)		
Private consumption	60.3	58.6
Gross fixed investment	27.0	30.4
Government consumption	1.8	0.8
Exports	10.4	9.9
Imports	34.2	36.3
Current account balance (US\$bn)	-35.7	-38.6
Exports (US\$bn)	-1.7	-2.4
Imports (US\$bn)	15.8	19.8
Trade balance (US\$bn)	17.8	22.8
Main trading partners (% of total value)		
EXPORTS:		
US	20.0	22.0
Japan	16.0	18.7
IMPORTS:		
US	29.0	31.0
Japan	14.0	12.5
Total external debt (US\$bn)	17.9	19.1
Debt service ratio (% p.a.)	12.9	11.0
Consumer prices (% change per annum)	3.8	5.4
Unemployment (% of labour force)	2.5	4.8
Reserves minus gold (US\$bn)	6.1	9.5
Narrow money growth (% p.a.)	12.2	17.3
Broad money growth (% p.a.)	18.2	28.5
Prime rate (% p.a., average)	12.0	12.5
Deposit rate (% p.a., average)	9.5	9.6
Government bond yield (% per annum, average)	7.5	7.5
Bangkok SET index (% change over the year)	35.7	127.3

Sources: Christopher Flood and Keith Fray, FT Statistics Department; IMF, Datastream, Economist Intelligence Unit, W.J.Carr, Thailand Research.

We have an edge in Asia

If you're looking to invest in Asia, look no further than Jardine Fleming. Established in Hong Kong in 1970, Jardine Fleming was the territory's first merchant bank, offering a full range of investment and securities services. But that was just the start.

In Tokyo, we were one of the first foreign companies to establish investment management operations and to gain a seat on the stock exchange, so when the world woke up to Japan's potential, Jardine Fleming was already there. Now we're Japan's largest active foreign investment advisory company. Jardine Fleming recently became one of only two foreign companies in the world to be granted a licence by the Japanese Ministry of Finance enabling it to manage investment trusts for sale throughout Japan.

And it's been a similar story in our 11 other offices throughout the Asia Pacific region, including Taiwan, Thailand and Korea.

So when you decide to get the most out of the world's fastest growing region and strongest emerging markets, contact the company that's been growing with Asia from the beginning.

And profit from the Jardine Fleming edge.

Jardine Fleming
The leading edge in Asia.

Jardine Fleming Holdings Limited, 46th Floor, Jardine House, 1 Connaught Place, Hong Kong
Telex: 75608 FLEDG Fax: 845-4051 Tel: 845-8838

HONG KONG • TOKYO • TAIPEI • BANGKOK • SEOUL • MANILA • KUALA LUMPUR • JAKARTA
SYDNEY • MELBOURNE • WELLINGTON

Issued by Jardine Fleming Holdings Ltd. UK. Approved by Robert Fleming & Co. Ltd. a member of T.S.A.

In Bangkok
where else
but
Shangri-La.

Famous for its central
location on the banks
of the Chao Phraya.
Celebrated for its
international cuisine.
The Shangri-La.
Recognised as
one of the world's
leading hotels.



Shangri-La hotel
BANGKOK
A SHANGRI-LA INTERNATIONAL HOTEL

SHANGRI-LA HOTEL, 85 SOI WAT SUAN PHU, NEW ROAD, BANGKOK 10250, THAILAND. TEL: (2) 236 7777, Tlx: 94265 SHANGLA TH. FAX: (2) 236 8778.
SHANGRI-LA INTERNATIONAL: FRANCE 85 90 8677 • FRANKFURT (69) 614 025 • GERMANY 0130 6649 • LONDON (041) 747 8485 • SWITZERLAND 046 05 61 33
SHANGRI-LA INTERNATIONAL HOTELS AND RESORTS: CANADA • CHINA • HONG KONG • INDONESIA • JAPAN • MALAYSIA • PHILIPPINES (02) 741 8485 • SINGAPORE • THAILAND

Lower growth forecasts for a booming economy

A chance to cool off

CRAWLING along the optimistically-named "expressway" from Don Mueang international airport towards the centre of sprawling Bangkok, it is easy to understand why Thailand's central bank noted in a recent publication: "Thailand is now changing so rapidly that apparently conflicting impressions seem difficult to reconcile. Certainly, the economy is difficult to categorise."

Side by side with the "shop-houses", where so much of Thailand's small-scale industry is still undertaken, are big new office blocks such as Thai International's striking headquarters and government agencies such as the Board of Investment which has overseen the \$450m influx of foreign fixed investment into Thailand in the last three years alone. Behind them are rice paddy fields.

Here, too, are the buildings housing Thailand's rapidly expanding electronics industry, parking lots of construction equipment, and on the horizon dozens of cranes perched on top of new apartment buildings, department stores and hotels.

"This is one of the world's fastest growing economies, with a rapidly expanding manufacturing sector supplying textiles, garments, electrical and electronic goods, gems and jewellery and dozens of other products for local and world markets. It is one of the world's favourite tourist destinations and is immensely popular for local and foreign investors," trumpets the Bank of Thailand's guide to the economy.

More soberly, the publication adds: "But Thailand is also an agricultural economy exporting more rice and tapioca than any other country. Despite the Thai economy's strength and rapid growth, the country still has some ground to catch up with the newly industrialised economies. Per capita GNP, for example, is \$1,400 per year, less than a third of South Korea's and 12 per cent of Singapore's. Continued rural and industrial developments are genuine needs."

The Thai economy is indeed booming, but it is probably also facing a period of slightly slower growth and structural adjustment. In the wake of

Iraq's invasion of Kuwait, analysts have been downgrading their growth projections. After two years of double-digit economic growth real GDP growth is likely to be between eight and 10 per cent this year and most analysts expect it to slow further to perhaps seven or eight per cent next year.

Despite this, Thailand will still remain one of the fastest growing economies in the region. Indeed, many government and private sector economists express a quiet sense of relief that a slowdown in world economic growth may give the overheating Thai economy a chance to cool off and perhaps address urgent infrastructure

policy makers next year and when the country's next five year economic plan is unveiled in October. While there are those in Government who might be tempted to risk further inflationary pressure in order to maintain politically popular high growth rates - with the inherent risk of a "hard landing" later - most analysts believe that those senior government economic advisers advocating slower but "sustainable" long-term growth targets will prevail.

This confidence rests in part on the belief that the management of the economy and monetary policy is now firmly in the hands of two well respected

gest export market accounting for about a fifth of the country's \$20bn exports last year.

However, imports, particularly of the capital goods and raw materials needed by Thailand's new industries, remain strong totalling \$24.9bn last year.

Between 1986 and 1989, imports grew at an annual rate of about 40 per cent and, although growth is expected to slow to about 24 per cent this year, Thailand's merchandise trade deficit will nevertheless widen.

The continued strong import growth reflects not only the impact of higher oil prices and oil consumption but also the rapid increase in domestic consumption estimated to be running at more than 15 per cent annually.

Since tourism growth, Thailand's major foreign exchange earner, and remittances from Thai workers overseas, especially in the Middle East, are also expected to slow, the country's current account deficit which stood at around \$2.6bn in the first eight months of this year could exceed \$4bn for the full year and increase to \$5.4bn or 6.1 per cent of GDP in 1991, according to some forecasts.

While this trend is worrying in the short-term, Thailand has substantial foreign exchange reserves which rose by nearly \$3bn between the end of 1988 and mid 1990 to a level equivalent to about five months imports, and its net foreign debt has been cautiously managed, totalling about \$19.4bn last year.

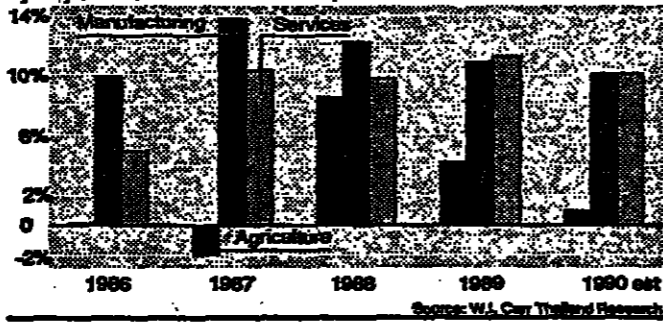
Other positive economic factors include a steady decline in the share of imported oil in Thailand's total primary energy supply, and the government's steady programme of economic liberalisation. This year for example foreign exchange controls have been relaxed with further liberalisation planned.

Tax reform is under active consideration and import tariffs have been reduced on more than 2,000 items - including a substantial reduction in the import duty on capital machinery - which should help maintain the country's competitiveness.

Paul Taylor

GDP

By major sector



Source: W.I. Co. Thailand Research

and other problems.

Even before the Middle East crisis there were signs that the rapid expansion of the Thai economy was creating inflationary pressures. Land prices, in Bangkok in particular, have been soaring, strong credit demand has meant that the broad money supply measure has been growing at an annualised rate of almost 30 per cent despite firmer interest rates, and the unions are pushing for an increase in the minimum daily wage from 90 baht to 110 baht.

"Despite efforts by the government to contain the knock on effects of the fuel price increases, inflation in the fourth quarter of 1989 and the first half of 1990 could rise to 9-10 per cent, before easing during the second half of next year," warn Merrill Lynch's economists in their latest Asian Economic Commentary.

Reducing inflation is therefore likely to be a major goal of

technocrat economists, Finance Minister Virabongsa Ramakittura and the new Bank of Thailand Governor, Viji Suphit.

In the wake of the Gulf crisis, the central bank moved to inject short term liquidity into the banking system, but, as Mr Viji has made clear, "we by no means intend to ease our monetary policy". Merrill Lynch expects economic policy in 1991 to "veer towards stability, rather than maintaining rapid growth at the cost of higher inflation and wider external deficits".

Exports have been the driving force behind Thailand's recent rapid economic expansion, growing at more than 20 per cent a year over the past three years including a 25 per cent increase last year. But export growth is slowing, perhaps to 17 per cent this year, reflecting weaker external demand, particularly in the US which remains Thailand big-

BANKING AND FINANCE

To earth with a bump

IT HAS been a roller coaster ride for investors on the Stock Exchange of Thailand this year. After peaking at 1,143 towards the end of July the already overheated SET index plunged by more than 40 per cent in the wake of Iraq's invasion of Kuwait and has been in the doldrums ever since.

Daily SET share volume has been averaging between 1.5bn baht and 2bn baht in recent months compared to over 4bn baht at the height of the bull market. Most market analysts see little prospect of an early pick-up in either volume or prices.

While the collapse in the index partly reflects concerns about the Middle East it also highlights more fundamental factors including domestic political uncertainties, slowing economic growth, lower corporate earnings projections and concern about emerging inflationary pressures.

Indeed even before the Middle East crisis began, the SET had signalled its concern about aggressive speculative stock buying through raising margin requirements, posting warning "designated securities" notices and some tough speeches by Dr Maruey Phadongaldhi, the SET president.

In the longer term, it is arguable that knocking the speculative wind out of the Thai capital markets will prove to have been a positive development. For one thing, it has also served to remind investors that the SET is still a young, fast growing but highly volatile market where the rewards, and the risks, can be large.

Equally importantly, the Thai financial markets and system are in the midst of far reaching changes designed

both to service a rapidly expanding and capital-hungry domestic industrial base, but also to position Bangkok as a regional international financial centre.

To achieve these goals will require further changes to the heavily protected Thai banking system and a substantial upgrading of the capital markets together with a set of financial liberalisation measures which have already begun.

In the securities industry, competition will be improved by a further increase in the number of SET seats from 35 to 40. Nineteen companies, six of them with foreign joint venture or management partners, are bidding for the five new seats which, despite current market conditions, are expected to fetch more than 100m baht each at auction, an investment which bidders say would soon be recovered thanks to the SET's 0.5 per cent fixed commissions.

Beginning this month the SET is introducing a computerised trading and back office system, bought at a cost of \$150-200m from Chicago's Midwest Exchange, with full implementation set for April next year.

Among its major benefits, says Ma Patareey Benjapachai, the SET's manager of development and planning, it will enable the three-day settlement period to be fully implemented, improve efficiency and cut costs. Trading hours, currently from 9.30 to 11.30am, are also likely to be extended to four hours a day.

Reporting requirements and regulation of the industry is being tightened and there are long delayed plans for a stock

exchange commission to help improve investor protection. At the same time, the SET has set ambitious targets for growth. By 1995 the exchange hopes to almost double the number of listed companies to 400.

Tight money market conditions and an upward trend in interest rates should help make the SET an attractive fund raising option for fast growing domestic companies while the government's privatisation programme, which has already seen Krug Thai Bank and North East Products brought to market, is likely to include Thai Airways International, the Electricity Generating Authority of Thailand,

Mergers should continue to benefit the economy

Thai Oil and the Port Authority of Thailand.

At the same time, the SET is trying to broaden share ownership. Currently it estimates that there are around 400,000 private investors although this number is disputed by some who claim double counting exaggerates the figure.

Foreign investors, mainly institutions, are also being encouraged through measures like the recent liberalisation of foreign exchange controls and a mooted change in the law which would remove the Mutual Fund Company's domestic monopoly on management of investment funds.

Foreign investment in the SET totalled 12.9 per cent or 37.5bn baht at the end of 1989 and, while net portfolio investment was probably zero in the third quarter, the underlying level of interest in the Thai market is indicated by the growing number of foreign securities firms, 19 at the end of 1989 and probably closer to 30 now, which have set up Bangkok representative offices to undertake research work for overseas clients.

The SET is also likely to move cautiously towards the introduction of instruments such as swaps and options.

although Dr Maruey stresses that it will be a "step by step" approach because "our market

is young and our investors are not that sophisticated, they need education first". In the banking sector, too, changes are underway. In the wake of a serious crisis in 1984/85, which saw several banks become insolvent, the Central Bank has imposed tighter supervision and more stringent capital requirements. Now competition is growing as a result of the introduction of electronic banking and new competition from foreign commercial and investment banks and non-banks like department stores, which have begun issuing credit cards, and the country's 94 finance companies.

At the same time, the Central Bank is moving cautiously towards deregulating interest rates, one of a series of measures designed to improve the country's financial infrastructure.

At the moment, the majority of Thai banks are privately owned. "In future, banks will have to be prepared for yet keener and more sophisticated types of competition from both local and overseas financial institutions," says the Thai Bankers Association.

Bank earnings have been buoyed by rapid credit expansion but "margins, flimsy slightly in 1990, may weaken in 1991 as loan growth is expected to slow," said Baring Securities in a recent report. To offset this the Thai banks are diversifying into non-interest income areas.

Nevertheless greater competition, particularly from the finance and securities companies which derive most of their funds from local promissory notes, and the gradual loosening of founding families' grip over some of the privately owned banks, could result in mergers, or even takeover-battles within the Thai banking sector.

Like the Thai stock market crash, some of these changes may be painful. But they are probably essential if Bangkok is to achieve its aim of catching up with Hong Kong and Singapore and seriously challenging them for the right to become a regional financial and trade hub at the gateway to Indo-China.

Paul Taylor

Top 10 brokers by trading volume

Rank for the year to September 30, 1990	Trading volume in baht	Share (%)
1. Nava Finance	61.02	5.9
2. Securities One	38.93	3.8
3. National Finance	28.58	2.8
4. Phatra Thammak	27.05	2.7
5. CMIC Finance	27.00	2.7
6. Asia Credit	26.88	2.6
7. General Finance	26.88	2.6
8. Union Asia Finance	26.88	2.6
9. Thai Securities	26.87	2.6
10. First Pacific Asia	26.45	2.6

*Year buying and selling orders combined. Data source: Securities Exchange of Thailand.

THAILAND

YOUR KEY TO GOLDEN BUSINESS OPPORTUNITIES

H.E. Chatchai Choonhavan

Prime Minister of Thailand



'In Thailand, The Government Has Four Principles In Implementing Economic Policies. These Are Free Trade, Fair Competition, Freedom From Government Intervention And Reduction Of Unnecessary Regulations.'

(Thailand's Economic Direction In 1991'. A Seminar Organised By The Thammasat Economic Association. Bangkok, November 22, 1990.)

For Further Information Please Contact
Office of the Board of Investment
Office of the Prime Minister

HEAD OFFICE: 555 Vibhavadi Rangsit Rd., Bangkok 10900, THAILAND Tel: (662) 276-1400/20 Fax: (662) 271-0777 FRANKFURT Tel: (49) 281-0912 Fax: (49) 282-460 NEW YORK Tel: (212) 466-1749 Fax: (212) 466-9548 TOKYO Tel: (03) 562-1806 Fax: (03) 569-6176 SYDNEY Tel: (612) 274-8905 Fax: (612) 251-6901.

THAILAND 4

PROFILE: Virabongsa Ramangkura,
finance minister

Doctor with a harsh remedy

THE APPOINTMENT of Dr Virabongsa Ramangkura, a former university professor, as finance minister in August, was a clear attempt by the Thai prime minister, Gen Chatchai Choonhavan, to put economic policy on a sounder footing.

Gen Chatchai's own reputation may depend on the move since his success or failure as prime minister may be measured by his ability to prevent Thailand's economic growth from being disrupted by the political troubles that plague his government.

But politics could be his undoing. The medicine Dr Virabongsa is likely to prescribe against higher oil prices and declining world trade is not likely to be pleasant.

Moreover, the new minister is not an MP under the constitution only the prime minister is the only cabinet member who has to be one. And he lacks a political powerbase.

This could lead to problems. Dr Virabongsa was probably chosen more for his reputation as one of Thailand's most competent professional economists than for his monetarist beliefs.

Nevertheless, his emphasis on fiscal caution follows a long Thai tradition. He may have difficulty persuading elected politicians and the public that curbing inflation and avoiding balance of payments and debt problems must be the priorities if economic expansion and improved income distribution are to be achieved. Some elected politicians would prefer to cushion the impact of higher oil costs through tax cuts or subsidies. Dr Virabongsa believes that would only worsen inflation.

On November 23, after three months of uncharacteristic quiet, Dr Virabongsa

announced an unusually large 2.5 per cent increase in the legal ceiling on loan interest rates.

The actual rates do not need to rise to the maximum 19 per cent, but the money market has tightened during the Gulf crisis and therefore the rates could approach the limit.

The initial response from business has been dismay. The political test for Dr Virabongsa is whether public opinion, which has learned to accept the economic rationale for higher retail oil prices, can also tolerate the higher cost of borrowing.

Despite his academic background, Dr Virabongsa, 47, is not new to political controversy. He was one of the principal economic advisers of the former prime minister, Gen Prem Tinsulanonda, and during the mild recession of 1985-86 argued vigorously in cabinet against heavy government borrowing for large development projects.

In his doctorate thesis, completed in 1972 at the University of Pennsylvania, he argued that the Keynesian theories of his supervisor, Nobel-prize-winning Lawrence Klein, were inappropriate for a small open economy such as Thailand's.

His econometric model of the Thai economy was monetarist, and Prof Klein accepted it.

While teaching at Bangkok's Chulalongkorn University in the early 1980s, Dr Virabongsa helped build the national planning agency's computer model for the economy.

In 1985, he was appointed macroeconomic programme director of the independent Thailand Development Research Institute.

Earlier this year, he agreed to work on an Asian Development Bank consultancy in Laos. But he was recalled to Bangkok when the reshuffle was announced.

His close relations with senior Bank of Thailand officials are likely to mean improved coordination of monetary and fiscal policies, as the raising of interest rate ceilings has shown.

Peter Ungphakorn

PROFILE: Vijiit Supinit, governor of the
Bank of Thailand

An insider becomes a peace-maker

MR VIJIT SUPINIT'S appointment as governor of the Bank of Thailand in September, heralded further improved relations between the central bank and the finance ministry.

Like the finance minister, Dr Virabongsa Ramangkura, who was primarily responsible for his selection, Mr Vijiit believes that maintaining economic stability, primarily through monetary and fiscal discipline, should take precedence if growth and income distribution are to be achieved in the long term.

His appointment ends a sequence of unusually heated events at the Bank of Thailand, which is normally one of the most competent and professional government agencies.

Further liberalisation of the banking sector is expected in the coming months.

Discontent in the central bank lending that was contributing to economic overheating. The finance minister, Mr Pramual Sabhavas, staked his reputation on protecting housing loan borrowers and small businesses against higher interest rate costs.

He rejected arguments that face rationing if interest rates were prevented from rising.

Discontent in the central bank was not only about Mr Pramual's rejection of their policy. In January, a group of ten officials, comprising assistant governors such as Mr Vijiit and department heads, went to see the governor, Mr Kamchorn Sahirakul.

They pleaded with him to take a firmer stand against the minister. Mr Kamchorn preferred gentler persuasion.

Ironically, the group's moves began to see fruit when, in March, the finance minister sacked Mr Kamchorn and appointed in his place the deputy governor, Mr Chavalit Thanachanan, who had six months left before mandatory retirement. Mr Vijiit became one of two deputy governors.

The finance minister was more co-operative with the new governor, but the prime minister, Gen Chatchai Choonhavan, and his advisers were still dissatisfied.

In August, the cabinet was reshuffled, an unhappy Mr Pramual was kicked upstairs to become deputy prime minister, Dr Virabongsa became finance minister, and a month later he put Mr Vijiit in charge of the central bank.

Increases in interest rates, announced on November 23, are the first clear outcome of the new partnership.

The decision is said to have been made without consulting the prime minister.

Mr Vijiit is only the third governor to be appointed from within the bank. At 49, he could become one of the longest serving governors before being required to retire at 60, but there is now increasing talk of fixed terms for the post. In the 1980s, he won a central bank scholarship to study economics in Britain's Manchester University and he later received a master's degree in the US.

Mr Vijiit's early years at the Bank of Thailand were at the Economic Research Department where he later became director. He has also been in charge of banking policy.

In the coming months he is likely to introduce further liberalisation of the banking sector, including additional relaxation on foreign exchange controls, and new rules on bank capital adequacy.

He is also likely to host the World Bank-IMF annual meetings in Bangkok in September, 1991.

They pleaded with him to take a firmer stand against the minister. Mr Kamchorn preferred gentler persuasion.

Ironically, the group's moves began to see fruit when, in March, the finance minister sacked Mr Kamchorn and appointed in his place the deputy governor, Mr Chavalit Thanachanan, who had six months left before mandatory retirement. Mr Vijiit became one of two deputy governors.

The finance minister was more co-operative with the new governor, but the prime minister, Gen Chatchai Choonhavan, and his advisers were still dissatisfied.

In August, the cabinet was reshuffled, an unhappy Mr Pramual was kicked upstairs to become deputy prime minister, Dr Virabongsa became finance minister, and a month later he put Mr Vijiit in charge of the central bank.

Increases in interest rates, announced on November 23, are the first clear outcome of the new partnership.

The decision is said to have been made without consulting the prime minister.

Mr Vijiit is only the third governor to be appointed from within the bank. At 49, he could become one of the longest serving governors before being required to retire at 60, but there is now increasing talk of fixed terms for the post. In the 1980s, he won a central bank scholarship to study economics in Britain's Manchester University and he later received a master's degree in the US.

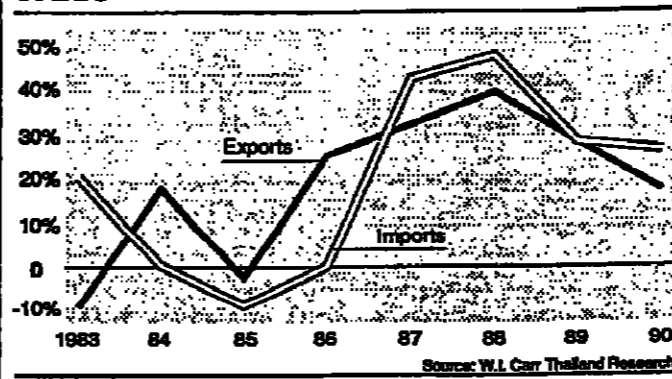
Mr Vijiit's early years at the Bank of Thailand were at the Economic Research Department where he later became director. He has also been in charge of banking policy.

In the coming months he is likely to introduce further liberalisation of the banking sector, including additional relaxation on foreign exchange controls, and new rules on bank capital adequacy.

He is also likely to host the World Bank-IMF annual meetings in Bangkok in September, 1991.

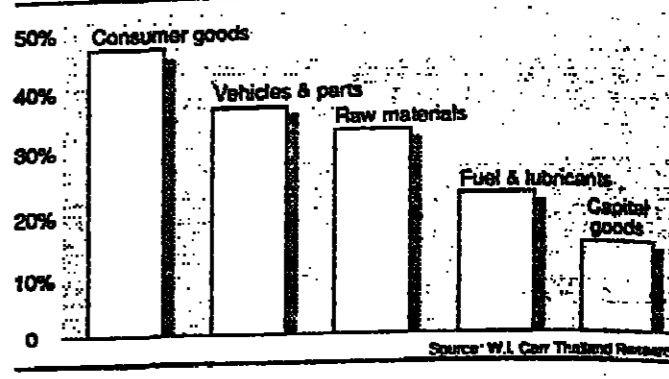
They pleaded with him to take a firmer stand against the minister. Mr Kamchorn preferred gentler persuasion.

Trade



FOREIGN TRADE

Imports 1989



Staple exports squeezed

WHEN Thai trade officials recently submitted proposals for Thailand's negotiating position in the Uruguay Round of trade talks to the Cabinet, a senior minister responded: "Go ahead. Just do anything that will increase exports."

Attracting foreign investment and promoting exports have become obsessions for many government leaders. The reasons are obvious. Both have been important contributors to Thailand's recent economic growth, and, even in this slower year, exports are expected to have expanded by another 18 per cent to reach at least 611m baht (\$24bn).

But officials responsible for trade realise that Thailand's maturing economy brings with it new obligations if the country is to continue to benefit from export markets. And in one important issue, the Thai Government has cited international rules to justify taking potentially unpopular action - lifting its ban on cigarette imports.

What does concern the officials is to make sure protectionists in the industrial nations realise that, despite its recent promise, Thailand is still quite far behind the four Asian newly industrialising economies and is certainly not to be confused with Taiwan.

In Thai eyes, the office of the US Trade Representative (USTR) does not appear to have got the message. The USTR has threatened trade sanctions against Thailand on a number of issues in response to private sector complaints of unfair trade practices, particularly related to music and videotape piracy and to the lack of

patent protection for new pharmaceutical inventions.

Thailand is still on a "watch list" of countries under threat of retaliation if they do not behave. Fleeing the needs of development does not seem to carry weight with Washington's trade lawyers, Thais complain.

And friction between the two countries continues in a number of unresolved disputes, including US attempts to curb shipments of Thai textiles and

claims that the US is becoming more protectionist. The US is Thailand's largest export market.

The true picture is more complicated. Thai industry could actually be benefiting in the short term from protectionism. Opinion is divided in the textiles and garment industries, for example, over whether quotas protect Thai exports from competition from more advanced nations, such as South Korea, and from

The nationalistic indignation that has been aroused by such threats is most vividly seen in the case of cigarettes. The US complained to the General Agreement on Tariffs and Trade that Bangkok's cigarette import ban violated GATT. It also threatened sanctions.

The Thai import ban was designed to protect the state-owned Thailand Tobacco Monopoly. But officially Thailand argued, unsuccessfully, that the ban was needed for public health reasons.

The Thai public saw all of this as bullying by the Americans and by GATT. Support mounted for an all-out anti-smoking campaign. Activists admitted that initially they would have difficulty resisting the sophisticated marketing of foreign cigarettes, but welcomed the American action as having given a valuable, long-run boost to their campaign because the Government was persuaded to increase its anti-smoking budget.

Significantly, the Government cited the internationally agreed rules of GATT as justification for lifting the ban in October. The Thai public may know little about GATT, but Government officials increasingly see GATT's disciplines as a means of resisting unilateral action, such as the measures prescribed in the US Section 301.

That is why Thailand and the five other members of the Association of South East Asian Nations (ASEAN) have participated actively in the Uruguay Round of trade talks.

Peter Ungphakorn

EXOTIC Thailand

IN TOWN TAT DUTY FREE SHOP

PALM FRINGED ISLANDS

FRESH SEAFOOD

RUN TRANSPORTATION

EXCITING SHOPPING

FANTASTIC FRUITS

CLASSICAL DANCE

WILD ORCHIDS

ELEPHANT TREES

GENTLE PEOPLE

land of history and hospitality

Here in the northeast of Thailand every day offers an adventure into the past; Bronze Age excavations, ancient Khmer monuments and a folk culture unchanged by the passage of time.

For more information on EXOTIC THAILAND see your travel agent or fill in and mail this coupon to:
Tourism Authority of Thailand, 49 Albemarle Street, London W1X 3 FE, England U.K.

Name: _____

Address: _____

TAT DUTY FREE

Bridging the gap.

You've done your homework. Pinpointed Thailand as the next growth area for your company. The economy, labour force and business outlook add up to a land full of opportunity. But when you finally make the jump, how can you be sure that you'll land with both feet on the ground?

Talking to us should be your first step. Thai Farmers Bank has been a business advisor to local and foreign companies since for more than 40 years. We can show you the way - over pitfalls and beyond obstacles - directly to the people you need to know and the plans you want to be.

After we set your sights on Thailand, contact us. We'll help you find the way. And we'll be there to help you succeed.

THAI FARMERS BANK
Dedicated to your success.

Handwritten signature: J. P. M. 1990

INDUSTRIALISATION

Stage two begins

IN COMMON with most Thais, who generally dislike labels and shy away from the aggressive sounding "tiger" tag, Dr Phisit Paksasom, head of Thailand's National Economic and Social Development Board, prefers a term used by Japan's ex-foreign Minister Saburo Okita to describe Thailand's recent rapid industrialisation process.

Mr Okita called Thailand and Indonesia "the third wave of geese flying in the same formation" - behind Japan and the other Asian Newly Industrialised Countries (NICs).

"Tiger" or "goose", the dramatic changes underway in the Thai economy are evident from one set of simple statistics. In 1990, agriculture contributed 28.8 per cent to Thailand's GDP. By 1991, despite growth in the agricultural sector, its contribution is a modest 14.2 per cent while manufacturing industry's share of GDP has grown from 12.5 per cent to 25.2 per cent over the same period.

Three basic factors explain the surge in Thailand's manufacturing base. Import substitution, competitive advantage and an aggressive export-oriented investment incentive programme. Although Thailand is now lowering some trade and tariff barriers, the country's average import tariff of 35.7 per cent remains high when compared with its Asean neighbours. These high import tariffs, particularly on consumer durables, have resulted in a substantial wave of foreign investment, particularly Japanese, aimed at producing goods for domestic consumption.

The leaders have been companies such as the Japanese electrical appliance manufacturers, car makers and others who have set up assembly operations. Often these operations represent little more than "screwdriver" plants assembling imported components.

The automotive sector, which will produce 290,000 vehicles worth 25bn baht this year, typifies this group of manufacturing companies. Since 1973, when the Thai government introduced an import substitution policy, the industry has been heavily protected through import restrictions, prohibitively high import

duties, limits on series and models that can be produced and a ban on issuing new licences to assemblers.

These measures have worked to the extent that they limited imports but despite local content requirements they have not reduced the reliance of local assemblers on foreign auto companies, particularly the Japanese giant.

A second group of Thai manufacturing companies, which include those in the textiles and garments industry, electronics industry and many in the food processing sector, have been established, mostly with Board of Investment privileges specifically to take advantage of Thailand's substantial competitive advantage.

While textiles remain Thailand's biggest manufactured export, the electronics industry, limits on series and models that can be produced and a ban on issuing new licences to assemblers.

Foreign companies will transfer only basic technology

With exports this year of around 78bn baht, it is catching up fast. Since 1987 electronics exports have tripled in value. Mr Daniel Cloud, an industry analyst with W I Carr Thailand, part of the Bangkok Indus-suez Group, predicts that "electronics will be Thailand's largest export industry five years from now". He also believes that at least one of the fast growing Thai electronics companies will emerge as a world class competitor.

The main reason for the surge in the Thai electronics industry is competitive advantage. Thailand's labour costs are lower than any of its major competitors and together with export privileges mean that the Thai electronics companies have roughly a 20 per cent cost advantage over their main competitors and can run very high margins, as high as 20-25 per cent for integrated circuit assemblers.

Many of the major Thai electronics groups are the local offshoots of big multinationals such as Toshiba, Sanyo and Minebea of Japan and Sengate of the US.

In Business Review magazine's latest 1,000 company rankings, Sengate Thailand

jumped into fifth place with revenues of almost 19.5bn baht. The question of how Thailand's new industrial manufacturing base will develop over the next decade is high on the agenda of the nation's economic planners. Several specific trends are likely to emerge as Thailand moves to what Dr Phisit terms "stage two" of its industrialisation.

First, industry is likely to become less labour and more capital intensive as wages rise eroding competitive advantage and industry begins climbing the technology ladder, moving from simple assembly operations or basic manufacturing through intermediate manufacturing towards more technology intensive and higher value added research and development, design, testing and manufacturing of finished products.

Two factors could limit this process in the short term, however. One is the emergence of a shortage of engineers, technicians and managers (which in turn reflects the relative lack of an established higher education, training and research infrastructure).

The second is a perceived reluctance of many foreign companies, particularly Japanese parents, to transfer more than basic technology.

Second, industry is likely to become more geographically dispersed. Initially, industry has tended to gravitate towards Bangkok which has led to infrastructure problems, pollution and uneven income distribution.

Aside from market forces like the cost of land and labour availability, a new three zone system of graduated incentives introduced by the Board of Investment is designed to encourage greater geographic dispersal, particularly to the new petro-chemical and industrial complex at Map Ta Phut on Thailand's Eastern seaboard and potentially to the Southern Seaboard Development Project (which is still on the drawing board).

Thirdly, industry will become more integrated. "We are expanding into a subcontracting industry, a component industry with more depth," says Dr Phisit.

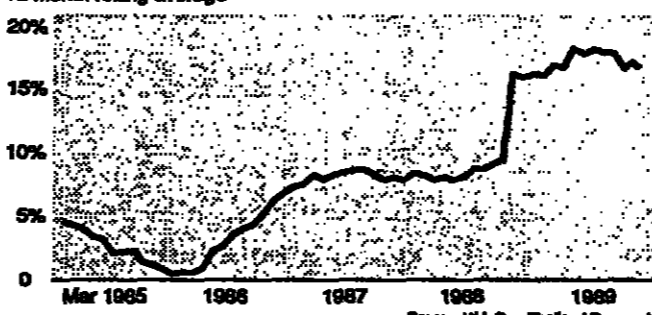
Paul Taylor



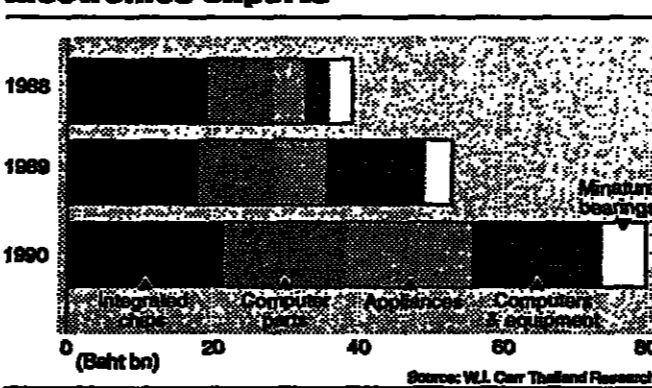
Crop disaster: a worker in a rice paddy in central Thailand where 80,000 farming families have lost crops due to an invasion of small insects known as the brown plant hopper.

Industrial production

12 month rolling average



Electronics exports



Setbacks in agricultural output

Rice fields hit by pests and climate

AT THE beginning of the year, rice farmers all over central Thailand were enthusiastically planting a new high-yield variety first promoted three years ago, called Suphan-60. But their enthusiasm was short-lived.

Disaster struck in the form of a small insect known as the brown plant hopper. By August, one agricultural expert assessing the damage was predicting gloomily: "I think we've seen the end of Suphan-60 forever."

More than 80,000 farming families lost 800,000 tonnes of paddy - unmilled rice - grown on 9m hectares, a cost of about 2.6bn baht (\$100m). The plague was worst in Central Region provinces. The north east, increasingly becoming an important rice-growing region, was spared.

The brown hoppers were not the only setbacks for Thai agriculture. A typhoon towards the end of last year, followed by drought in some southern provinces, and new storms and flooding in Central Thailand this October, have all added to production declines this year.

The Agriculture Ministry estimates that the 1990/91 main rice crop, which is harvested from December to February, is down 11 per cent on the previous year at about 16m tonnes of paddy. Maize production is estimated down 17 per cent at 3.6m tonnes, and cassava is down 1 per cent at 20.58m tonnes.

Among the major crops, only sugar cane production appears to have increased, by an estimated 1 per cent to 34.01m tonnes.

The outlook for Thai farmers, who constitute two-thirds of the labour force, does not look good in a year when prices are also expected to weaken as world production continues to recover. And yet one of the problems, the plague of brown hoppers, could have been averted.

That, some experts believe, is the difference between the climatic disasters and the insect plague. Thailand could have learnt from the lessons of other countries. Instead, a tragic combination of appar-

ently-favourable factors were allowed to do their worst.

Drought and other production problems in the main rice growing regions of the world in 1987 and 1988 had cut supply, drained stocks in the US, India and elsewhere, and lifted prices. Farmers in Thailand, where production recovered early, enjoyed a rare period of three consecutive years of good prices without bad harvests.

Last year, Thai exporters managed to ship out a massive 6m tonnes of milled rice, almost three times as much as any other country and by far the largest amount from Thailand ever in any single year.

The good prices provided the

tance to the brown hoppers and urging farmers to give their land a rest.

The problems with rice, and increasing competition from Vietnam, which exported two million tonnes last year, have revived speculation that Thailand might in the next decade cease to be the world's largest rice exporter.

The debate remains inconclusive, but the outcome could be serious for the 30m or so Thais whose main source of income is currently from rice. Many are already sending their children to school in search of other occupations, or planting crops.

Industrial development is starting to drive agricultural wages up. Even in some higher value crops such as fruits, adjustments are being made. Orchard owners in the Eastern Region are cutting down on rambutan (a fruit with hairy skin and flesh, similar to lychee, often exported in tins) and replanting with durian (a large fruit exported to other south-east Asian countries).

In order to remain competitive, Thai rice will have to be produced more efficiently and prices will have to remain strong unless the government starts to subsidise seriously - a move that would contradict Thailand's official stance as a member of the Cairns Group of agricultural exporters negotiating liberalisation in the Uruguay Round of Gatt talks.

So far, the expansion of Thai rice production has only been partly achieved through the Green Revolution, hence Thailand's experience with the hoppers. Although the expansion of acreage at the expense of forests has largely been for cassava, sugar and maize, some land has been used for rice.

The government has been criticised for fiddling with inadequate market intervention that fails to provide the desired support for farmgate prices. Instead, critics say, the government should be concentrating on improving agricultural technology, but not in a way that creates the kind of problem suffered this year.

Peter Ungphakorn

Wheeling and dealing around Asia? Start at the hub.

Planning a business trip to Asia? It makes good business sense to focus on Bangkok. Thailand's economy is booming. And Bangkok's unique geographical position at the centre of Asia makes it the perfect starting-off point. It is also home base for Thai International, so we have more flights in and out of there than any other airline. If you're wheeling and dealing in Asia, fly with Thai - the best airline around. Thai. Centuries-old traditions. Innovative thinking. State-of-the-art technology.



THAILAND 6

FOREIGN POLICY

Cambodian conflict is a dominant issue

IN AUGUST, Air Chief Marshal Siddhi Savetsila, resigned as Thailand's foreign minister. During his ten-year tenure, he had acquired the stature of an elder statesman in the south-east Asian diplomatic scene. But during the last two years, he served under the premiership of Gen Chatchai Choonhavan, a former diplomat, who wanted to make his own mark in international relations.

Foreign policy, particularly over the Cambodian conflict, was increasingly determined by the prime minister's advisers, who are much keener than the foreign ministry to deal with the Vietnamese-installed Phnom Penh government.

This sometimes led to conflicting signals from Bangkok and left Thailand's diplomats with a difficult problem. Through foreign minister Siddhi they had proclaimed that they would leave international relations to Gen Chatchai and his advisers, underscoring the fact that Cambodia is the only international political issue of real interest to Bangkok. Instead, they themselves would concentrate on economic matters, such as preserving Thailand's interests in export markets.

The choice of Dr Subin Pinyakarn as ACM Siddhi's successor seemed to reinforce this situation. The new foreign minister had previously been in charge of the commerce ministry with responsibilities that included international trade negotiations.

But this also highlighted a problem for the foreign ministry, whose expertise in economic affairs is limited. There is little chance of the commerce ministry, which already handles trade negotiations and export promotion, handing over the tasks to the diplomats.

Rather, Dr Subin's appointment seems to be designed to accommodate Gen Chatchai's desire to stay in charge of foreign policy. As he lacks a strong background in this field, Dr Subin is more likely to yield to the prime minister's desires.

Dr Subin's qualifications are in civil engineering, and one of

his first initiatives has been to improve ties with Laos by proposing co-operation in the construction of hydro-electric dams - much of the electricity produced in Laos is exported to industrially more advanced Thailand.

One of these projects would be a large and environmentally controversial dam on the Mekong river, which flows from Tibet and China, between Laos and Thailand, and through Cambodia and Vietnam.

Such a project would require settlement of conflict within the whole of Indo China (Laos, Vietnam and Cambodia).

The prime minister has sought to make a mark in international relations says PETER UNGPHAKORN

It would be part of a massive UN-sponsored development programme for the lower Mekong, which has been restricted to smaller projects within individual countries since the Vietnam war and Hanoi's occupation of Cambodia.

Even before the withdrawal of Vietnamese troops from Cambodia a year ago, and despite repeated breakdowns in attempts to negotiate a settlement, officials of the Mekong Committee have expressed optimism that the larger-scale programme can be revived in updated form.

However, the Cambodian conflict remains unsettled, and Gen Chatchai's advisers were blamed for making agreements even more elusive when the four warring Cambodian factions attempted in Bangkok earlier this year to set up a peace-making Supreme National Council.

The prime minister's personal desire to make his mark was not the only factor at play in the departure of the foreign minister. ACM Siddhi and some of his staff in the foreign ministry had failed to keep up with changing political forces. And this year, severe rifts unrelated to foreign policy

developed within his own Social Action Party, one of the main coalition partners. Siddhi resigned both as leader of the party and as foreign minister.

A former head of the National Security Council, Siddhi took over at the foreign ministry at a time of intense antagonism between Thailand and Vietnam over Hanoi's occupation of Cambodia.

Although there were different shades of feeling about the issue among the six members of the Association of South East Asian Nations (ASEAN) - Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand - opposition to the Vietnamese-installed Government in Phnom Penh remained the strongest reason for unity within the group.

As Thailand prospered economically and Vietnam's problems increased, Thai confidence grew. When perestroika appeared in Hanoi, Thai businessmen were keen to start trading with and investing in a potentially large new market.

Before he retired early to enter politics a few months ago, even the former army commander, Gen Chavalit Yongchaiyudh, is said to have developed contacts with Hanoi. Previously, the military had been the most suspicious of Vietnam's motives.

One of the ideas put forward by Gen Chavalit, who clearly hopes to become the next prime minister, is for an economically prosperous South East Asian peninsula that might swing the regional centre of gravity away from other ASEAN countries and northward to Bangkok.

Thailand's fellow members in ASEAN, who have also frequently wondered since Gen Chatchai took over what exactly Thailand's foreign policy is, are not too keen on the idea.

Critics who had accused ACM Siddhi of being out of date nevertheless praised him highly for having brought integrity and coherence to foreign policy in a period when cabinet ministers appeared to be falling over each other in the scramble to achieve less scrupulous objectives.



Varied aspects of Thai life: a novice Buddhist monk (left) at the Dhammangkot Temple, Phraekhanong, Bangkok; centre, a girl fishing fish in Bangkok; right, at Koi Samol, on the Gulf of Thailand, where monkeys are trained by handlers to harvest coconuts

Tourism boom starts to slow, writes Paul Taylor

Frowns in 'the land of smiles'

WITHIN the last decade, Thailand has engineered a phenomenal tourism boom turning itself into one of Asia's prime destinations, one of the "top ten" in the world, and, in the process, generating enviable economic results.

Ten years ago, fewer than 2m tourists a year visited "the land of smiles." But, by 1983, tourism had overtaken textile exports as the country's main foreign exchange earner and this year an estimated 8.37m visitors will visit Thailand - a 12 per cent increase over 1989 and more than double the number just five years ago.

Tourist revenues this year will reach about 110bn baht, almost four times the 1985 total of 31.7bn baht. Last year, the country's balance of interna-

tional tourist trade (receipts less expenditure) was 77bn baht. Even allowing for the import of luxury goods to service overseas visitors - estimated by some economists to absorb up to half total receipts - tourism still made an important contribution towards bridging Thailand's perennial merchandise trade deficit. It has also created tens of thousands of new jobs.

Indeed, tourism has been used extremely effectively by the country as an economic development tool which other developing nations in the region are now trying to emulate. The success in attracting tourists perhaps owes as much to the promotional activities of the Tourism Authority of Thailand as it does to the nation's undoubted attractions which include political stability, a year-round tropical climate, palm-fringed white sand beaches, sea and mountains, historic past, deeply entrenched Buddhist culture, culinary delights, and of course the Thai people themselves.

The 30-year-old TAT has shrewdly and very successfully marketed Thailand to the increasingly affluent international globe-trotters of Europe, North America and more recently its East Asia neighbours, particularly Japan.

Taiwan and Korea. East Asia and the Pacific region now account for about 60 per cent of all arrivals, and the average length of stay has been increased from five to more than seven days with a target next year of eight days.

Despite a slowdown in growth apparent even before the Gulf crisis - which has halved arrivals from the Middle East - Mr Dharmoon Prachuabmoh, TAT governor, still expects average growth of 7.9 per cent in the next decade and 10m to 12m visitors a year by the end of the century.

Not everyone, however, is so confident, at least in the short term. Some hoteliers are already reporting lower occupancy rates and fear the knock-on effects of a prolonged Gulf crisis could mean higher prices, charter flight cancellations and fewer international arrivals, particularly from Europe and North America.

But a "cooling-off" period of slower growth for an arguably overheating industry is seen by some economists as necessary, anyway.

They point to some serious challenges ahead for the industry, particularly infrastructure problems and pollution which, if they are not properly addressed, could derail the Government and TAT's ambitious longer term growth

plans. Indeed, Mr Dharmoon acknowledges that even 10m visitors a year "will require big investments in infrastructure". Bangkok hotel prices are high. But a shortage of hotel rooms - currently there are 24,000 hotel rooms and 20,000 "condominium-hotel" rooms in the Thai capital - could soon turn into a glut if the 10-15 new hotels planned in Bangkok alone over the next three years are indeed completed.

Such fears are reflected in the share prices of quoted hotel groups on the local stock exchange, most of which are selling at below asset value. The surge in tourist arrivals has also led to a shortage of airline seats capacity - even though 60 international airlines fly into Thailand - at peak times of the year like the spring "high season".

While the Government is attempting to address this problem by negotiating more bilateral air agreements, the failure of recent negotiations with the US is an ominous sign. Since over 80 per cent of tourists arrive by air, the tourism officials recognise that it will be necessary not only to ease congestion at Bangkok's Don Mueang airport but also to upgrade regional airports which would also extend the economic benefits of tourism to other parts of the country - one of the TAT's primary objectives.

Plans to upgrade road and rail systems, and build Bangkok's first mass transit system, may also help ease the capital's notorious traffic jams and air pollution but there is also a need for more investment in electricity generation and water treatment plants.

Perhaps most pressing of all Thailand needs to clean up its tourism image and its environment. Senior TAT officials insist that Bangkok's "sex capital of the world" image is undesired. Indeed, TAT Governor Dharmoon accuses the media of unfairly exaggerating stories of child prostitution and a growing AIDS threat.

He claims that AIDS and the even more prevalent Hepatitis-B are "not a big problem, if you educate people," and that while the media have emphasised the "negative side, most tourists are not here for sex". Nevertheless, the TAT is attempting to move Thailand "upmarket" as a tourist destination with an emphasis on conventions, incentive tours, family travel and special interest or recreational travel - in part in response to a real threat of competition from

countries like Indonesia and a potential threat from emerging destinations like India. If this competition threat is to be beaten, Thailand is to maintain its tourism growth, it must also do more to protect its environment. Reports of water pollution in tourist meccas like Pattaya and other resort locations have already prompted the authorities to undertake substantial clean-up programmes.

In Pattaya, for example, which has seen tourism grow from 830,000 overnight stays in 1986 to 1.7m last year, the Authority admits that "the rapid growth of the past few years has led to reckless development which in turn has resulted in the emergence of environmental problems." It adds that it has been aware of the problem "but has in the past been powerless to take any preventative action because of the bureaucracy involved."

Now the Authority is committing more of its budget, together with a 30m baht loan from the Overseas Economic Co-operation Fund, to protect the environment around tourist destinations - "the byword for tourism should be utilisation and not exploitation," said Mr Dharmoon at a recent seminar on tourism and the environment.

More than 10,000 delegates, their families and journalists will arrive in Bangkok next year for the annual World Bank/International Monetary Fund meeting. In preparation for their arrival, a huge new conference centre is being built. Meanwhile, a joint committee including the Finance Ministry, the Bank of Thailand, hoteliers and the Tourism Authority of Thailand has been set up to co-ordinate arrangements including the provision of more than 5,500 hotel rooms.

The meeting will be a real test for the authorities who oversee tourism in Thailand, but officials say they are confident that the country can rise to the challenge.

Over 10,000 delegates expected

MORE than 10,000 delegates, their families and journalists will arrive in Bangkok next year for the annual World Bank/International Monetary Fund meeting. In preparation for their arrival, a huge new conference centre is being built. Meanwhile, a joint committee including the Finance Ministry, the Bank of Thailand, hoteliers and the Tourism Authority of Thailand has been set up to co-ordinate arrangements including the provision of more than 5,500 hotel rooms.

The meeting will be a real test for the authorities who oversee tourism in Thailand, but officials say they are confident that the country can rise to the challenge.

Visit Thailand's export showcase.

Under the Ministry of Commerce, the Royal Government of Thailand, the Department of Export Promotion (DEP) was established with the aim of promoting Thai products in overseas markets and of assisting foreign buyers in every possible way to conduct their business swiftly and efficiently. DEP's professionally-trained staff work closely with both Thai manufacturers and exporters and foreign buyers to achieve these goals. In addition, DEP is the focal point for all matters related to improvement of the country's export. Wherever you are located, whether you are an individual buyer or part of a larger buying mission, DEP is always at your service.

PLEASE CONTACT...

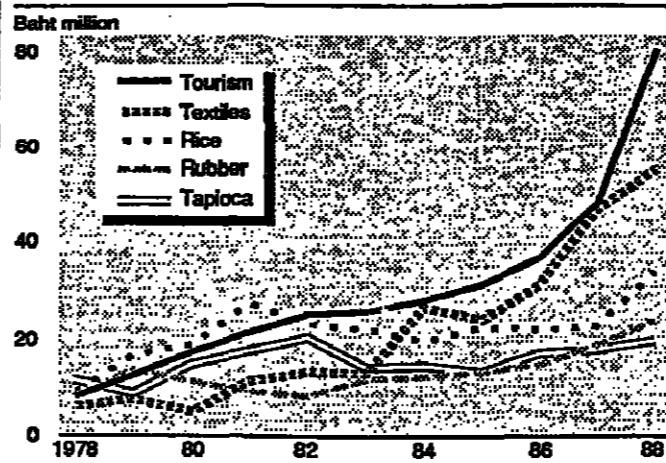
UNITED KINGDOM
MANCHESTER
Thai Trade Center
3rd Floor Elisabeth House
St. Peter's Square
Manchester M2 3DF
Tel. 061 2360445
Fax: 061 2360347

DEP AD
Department
of Export Promotion
Ministry of Commerce,
Royal Thai Government.
22/77 Rachadapisek Road, Bangkok 10900, Thailand.
Telephone: 511 5066-77, 513 1909-17
Telex: 82354 DEPEP TH, 81009 DEPEP TH FAX: 5121079, 5131917



Bangkok's Golden Palace: allure of an ancient heritage

Tourism and major exports



FINANCIAL TIMES

RELATED ASIAN SURVEYS

Asia-Pacific Aviation	Feb. 5, '90
South Korea	May 16, '90
Taiwan Trade and Industry	May 17, '90
Japan	July 9, '90
Malaysia	Aug. 24, '90
Taiwan	Oct. 10, '90
Japanese Industry	Dec. 3, '90
China	March, 1991
Singapore	April, 1991
Korea	May, 1991
Hong Kong	May, 1991
Japan	July, 1991
Malaysia	Sept. 1991
Taiwan	Oct. 1991

FOR ADVERTISING INFORMATION CONTACT

PETER HIGHLAND IN LONDON

071-873-3276

FOR EDITORIAL INFORMATION CONTACT DAVID DOOWELL

071-873-4090

JP 11/10/90